Daily Report

Latin America

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FBIS-LAT-95-102 *26 May 1995*

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Bombers of Israeli Embassy in Argentina Held in Paraguay

PY2505131095 Madrid EFE in Spanish
1158 GMT 25 May 95

[FBIS Translated Text] Jerusalem, 25 May (EFE) — According to a report received by the Foreign Ministry of this country, three of the alleged perpetrators of the attack against the Israeli Embassy in Buenos Aires in 1992 have been identified by the Argentine police.

The newspaper MA'ARIV reports today that this turn of events in the investigation into the attack, which was carried out with a car bomb on 17 March 1992, resulting in the death of 30 persons, dozens of wounded, and huge losses, is related to the arrest of seven suspects: five Lebanese and two Brazilians.

The U.S. magazine U.S. NEWS AND WORLD REPORT stressed in one of its March editions that the suspects were arrested in Paraguay, and that the Islamic Hezbollah organization, the Party of God in Lebanon, bribed Paraguayan authorities with $1 million to prevent their extradition.

The Israeli newspaper, based on the Buenos Aires report, adds that despite the petitions of the Argentine Government for their extradition and requests for their freedom made by friends, the Paraguayan police continue to retain them in the country.

An unidentified Paraguayan source has reported that $500,000 was deposited in a bank in that country to bribe the authorities charged with the custody of the suspects.

The Tel Aviv newspaper, basing its assertion on the report that Israel received from Argentina, adds that a source close to the investigation has stated that one of the judges of the case has decided to abandon his post due to the threats that have been made by Muslim extremists.

The judge that is in charge of the extradition of the suspects, Carlos Monges Lopez, has stated that the U.S. secret service (CIA) and that of Israel (Mosad) are "90 percent" convinced that at least three of the persons arrested in Paraguay participated in the attack.

Another three persons that were involved, whose identities are known, were able to return to Iran after the attack against the Israeli Embassy and, according to several investigators, some of those arrested in Paraguay are Hezbollah activists, according to the Israeli newspaper.

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Cuba

New U.S. Post of Adviser on Cuba Reported

PA2605003195 Havana PRENSA LATINA in Spanish 2320 GMT 25 May 95

[FBIS Translated Text] Washington, 25 May (PL) — The White House reported today that President William Clinton has appointed Richard Nuccio to the newly created post of special adviser on Cuba.

According to a presidential communique, Nuccio will coordinate U.S. policy on the island, acting as a sort of liaison between the White House and the State Department.

The new adviser will report to the chief of state through Secretary of State Warren Christopher and will work closely with advisers from the National Security Council and the White House Public Liaison Office.

Nuccio has been an assistant to Representative Robert Torricelli and, after leaving that post, served as a State Department official.

This post has been created three weeks after Washington and Havana reached a migration agreement negotiated at the highest level on orders from Clinton and in contradiction of officials who traditionally had managed the policy on Cuba, according to unofficial reports.

Such was the case with Dennis Hays, chief of the State Department's Office of Cuban Affairs, who was annoyed by the president's decision and asked to be transferred.

The agreement, announced on 2 May, allows Cubans on Guantanamo Naval Base to enter U.S. territory and calls for the repatriation of anyone who leaves Cuba in any kind of craft to illegally enter the United States.

Alarcon Praises Recent Migration Agreement With U.S.

PA2605024495 Havana Radio Havana Cuba in Spanish 0000 GMT 26 May 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Parliament President Ricardo Alarcon has said that the most recent agreement on migration issues signed by Cuba and the United States is the first attempt to approach this matter with respect and equality.

In statements to Radio Nacional, the head of the Cuban delegation to talks on migration issues with the United States added that for Havana it is clear that for the first time since 1959, the White House has assumed a commitment to abandon its policy toward the island in this regard.

Alarcon recalled that the United States traditionally used migration issues to undermine the Cuban revolution. He added that Attorney General Janet Reno defined the U.S. attitude very well when she noted that the goal now is to apply migration laws equally among Cubans without distinction.

Official Terms Helms Bill 'Mockery of International Law'

PA2605025895 Havana Radio Havana Cuba in Spanish 0000 GMT 26 May 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Rafael Dausa, information chief of the Cuban Foreign Ministry, said in Havana that the Helms-Burton bill is a mockery of international law and accused the United States of trying to circumvent the investments of third countries abroad.

Commenting on demands in the U.S. bill that the island pay $100 billion in compensations, the ranking official said there are currently no U.S. properties in Cuba .

Once the deadline expired for U.S. property owners to claim property nationalized in Cuba, the Settlements Commission closed the register in 1972 on approximately 2,000 cases valued at $1.8 billion. In 1964 a U.S. justice court accepted the legality of the Cuban nationalizations, but the aggressiveness of the various administrations in Washington prevented an agreement from being reached with Cuba.

Religious Groups Deliver Helms Bill Protests to Alarcon

FL2505165795 Havana Radio Rebelde Network in Spanish 2300 GMT 24 May 95

[Report by Zenaida Costales; from the "Exclusive" program]

[FBIS Translated Text] Cuban religious leaders and representatives of various ecumenical movements met this afternoon at the Martin Luther King Memorial Center to discuss and condemn the Helms-Burton bill. Religious leaders from the most disparate churches and religious denominations in Cuba delivered messages and statements denouncing this legal monstrosity to Ricardo Alarcon, president of the National Assembly of the People's Government. Reverend Raul Suarez had this to say about the bill:

[Begin Suarez recording] We have called this meeting to discuss this bill, because as Christians we must call on our ideological base in order to say to our people that in Cuba there are Cuban Christians, there is an ecumenical movement, and that without the necessity

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of an ideological or political base, we have reason, based in the holy Bible, to reject and condemn this bill, and describe it as something diabolic, and demonic that commits an outrage against life and the will of our people. [end recording]

Alarcon Heads Meeting of Ecumenical Leaders on U.S. Bill

PA2505164495 Havana Radio Havana Cuba in Spanish 0100 GMT 25 May 95

[From the "Evening Information Review"]

[FBIS Translated Text] Leaders and representatives of Cuban Ecumenical organizations have condemned the Helms-Burton Bill whereby the U.S. Government seeks to tighten the economic blockade against Cuba. At a public rally headed by Ricardo Alarcon, chairman of the National Assembly of the People's Government (ANPP), the religious leaders expressed their rejection of the bill. They agreed in describing it as an attempt against sovereignty and the principles of peace and justice advocated by the political and social policy of the island.

Carlos Piedra of the Augusto Soto Center stressed that Cuban Christians have the mission to denounce the fascist nature of the bill and to appeal to similar church and religious organizations in the rest of the world to come out in favor of the Cuban people.

At the close of the public rally, ANPP Chairman Ricardo Alarcon said that the most reactionary elements of U.S. society seek not only to punish all Cubans today but coming generations as well, because they are the ones who will have to endure a return to the past, as is implied by the aforementioned draft bill.

In statements to newsmen regarding the current electoral process in Cuba, ANPP Chairman Alarcon said the candidates to represent the people in the different districts should be persons who have the people's support. He encouraged the people to face up to the problems and limitations of the island. Alarcon termed positive the participation and turnout at the meetings held in the various regions to assess the situation and to elect candidates to run for posts. The delegates will be elected through the direct and secret vote of the Cubans.

The ANPP chairman said that by improving the elections the people will be in a better position to perfect the revolutionary process and to overcome the situation successfully, while the most reactionary sectors in the United States try to promote the Helms-Burton Bill that attempts to stiffen the blockade against Cuba.

Latin American Parliament Condemns Helms-Burton Bill

FL2505230895 Havana Radio Rebelde Network in Spanish 1700 GMT 25 May 95

[From the "National Radio News"]

[FBIS Translated Text] The political affairs commission of the Latin American Parliament [Parlatino] has condemned the Helms-Burton bill during their meeting in Guatemala.

Jorge Lezcano Perez, member of the Politburo of the Communist Party of Cuba and president of National Assembly of the People's Government International Relations Commission, participated in the meeting.

[Begin Lezcano recording] The commission asked us to present the analysis of the Helms-Burton bill, which was very critically discussed. Participants did a thorough and critical evaluation of the expansionist and extraterritorial spirit of the bill, and its effect on Cuba's and other nations' sovereignty. They showed their solidarity towards Cuba, and agreed that the Parlatino should immediately reject the bill before the U.S. President and Congress because it violates sovereignty and international free trade norms.[end recording]

Fidel Castro Meets Paraguayan Senatorial Delegation

FL2505114495 Havana Radio Reloj Network in Spanish 1932 GMT 24 May 95

[FBIS Translated Text] Basilio Nikiphoroff, Paraguayan Senate first vice president, has said that he was impressed during his three-hour meeting with Commander in Chief Fidel Castro. Castro met the Paraguayan senatorial delegation on 23 May and briefed them on Cuba's most difficult times, from the armed struggle to date. The Paraguayan visitors handed Castro a motion that the Paraguayan Senate unanimously approved calling upon the Paraguayan Government to reestablish consular relations with Cuba. Marta Camacho, Cuban Chamber of Commerce general secretary, met the Paraguayan senatorial delegation led by Basilio Nikiphoroff today.

Robaina Meets Russian Foreign Minister

FL2605011495 Havana Radio Rebelde Network in Spanish 2300 GMT 25 May 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina arrived today in the former Leningrad during the fifth day of his official visit to Russia in response to an invitation by his counterpart Andrey Kosyrev.

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Robaina began to carry out his agenda in the city — birthplace of the October Revolution — by placing a wreath in the (Pikaskrojev) Memorial Cemetery, resting place to almost 500,000 people who died during Leningrad's resistance to the Nazi army's blockade which lasted almost three years, nd caused over 600,000 deaths.

Robaina paid homage to the Leningrad people's heroism, and observed a minute of silence before the eternal flame to the dead.

Robaina also visited the Mayor's office, and met Vice Mayor (Valeriy Valijev) to discuss the problems of the city, its sisterhood with Santiago de Cuba, and the benefits of consolidating direct links between both cities.

Alfonso on Robaina Tour, Rafters, Rio Meeting, Prisoners

PA2605032795 Havana Radio Havana Cuba in Spanish 0000 GMT 26 May 95

[Report by Barbara Betancourt, from the "Evening Information Review" newscast — passages within quotation marks recorded]

[FBIS Translated Text] The Cuban Foreign Ministry has commented favorably on Foreign Minister Roberto Robaina's current tour of three former Soviet republics: Ukraine, Russia, and Belarus.

[Foreign Ministry Spokesman Miguel Alfonso] "It has resulted in a true restoration of relations with countries with which our relations had for some time and for well-known reasons been somewhat irregular."

The official also announced the recent voluntary return of 21 Cuban rafters to their homes from the naval base occupied by the United States at Guantanamo Bay.

[Alfonso] "A total of 21 Cuban rafters returned on 23 May from Guantanamo to the other part, the unoccupied part of Cuban territory. They were in Guantanamo and voluntarily decided to return to the country. They came by directly by land, not in planes as has been the case for others."

In his regular weekly meeting with local and foreign reporters, the spokesman also highlighted the final communique issued by the Rio Group that met in Quito, Ecuador this week.

[Alfonso] "I also want to highlight the importance of the communique adopted by the Rio Group in Quito, Ecuador, yesterday. It was a direct and clear rejection of the Helms-Burton bill. This is important to Cuba because it reflects a very solid position by an important political group, and I believe it is important to highlight it."

He was queried about the alleged release of six Cuban counterrevolutionary prisoners announced by the France Liberte Association, which is directed by Danielle Mitterrand, in Paris.

[Alfonso] "What I can tell you about the matter this morning, is that the France Liberte Association, as you all know, presented several proposals to the Cuban Government related to the issue that prompted their visit to Cuba. Those proposals are, in general, being considered favorably and we are in contact with France Liberte to determine how those measures could be implemented."

Those were the statements made by Cuban Foreign Ministry spokesman Miguel Alfonso in Havana this Thursday.

Ministry Spokesman Summarizes France Liberte Visit

PA2605043795 Havana PRENSA LATINA in Spanish 1985 GMT 25 May 95

[FBIS Translated Text] Havana, 25 May (PL) — Cuban Foreign Ministry Spokesman Miguel Alfonso asserted today that the Cuban Government is studying the proposal presented by a France Liberte delegation that recently visited the island.

In his regular weekly news conference, Alfonso said France Liberte had presented several proposals to the revolutionary government related to the issue that prompted its visit to Cuba.

"Those proposals are, in general, being considered favorably. We are in contact with this French organization to determine how the measures can be implemented," he stated.

Despite the reporter's insistent queries, Alfonso refused to give more details on the matter and said it "belongs entirely to the Cuban Government and Foreign Ministry."

When asked about the France Liberte communique issued in Paris last Wednesday, which stated that six Cuban prisoners had been released and one transferred to the hospital, Alfonso said they would have to ask the organization to explain its action.

A France Liberte delegation visited from 28 April to 5 May and examined the legal, penal, and medical situation of the 24 prisoners. The delegation was made up of Raphael Doueb, vice president of the organization; Daniel Jacoby, honorary president of the International Human Rights Federation; Jose Miguel Vivanco, executive director of Human Rights Watch/Americas [pre-

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vious four words in English]; and Pierre Micheletti of Doctors of the World.

The delegation issued a press bulletin which stated: "We ask the authorities to immediately release four prisoners who are suffering from serious ailments not directly linked to their penitentiary situation."

Before leaving the island, Micheletti declared that he had also asked to study two other health cases reported by the interviewees.

The delegation thanked the Cuban penal authorities for their consideration. They also highlighted that they had a long meeting with President Fidel Castro and brought up several points, which they believed had been accepted.

The communique advances that the mission is preparing and will soon publish a report on the facts and conclusions of their study in relation to the implementation of the fundamental norms of international human rights legislation.

In a prior meeting with reporters, Alfonso indicated that Cuba expects an objective and respectful report from this mission.

Justice Minister Praises Beginning of Electoral Process

PA2505135995 Havana PRENSA LATINA in Spanish 0122 GMT 23 May 95

[FBIS Translated Text] Havana, 22 May (PL) — Carlos Amat, president of the National Electoral Commission, declared today that the nomination process for candidates to run as delegates to the People's Government Municipal Assembly has begun very well.

"We are pleased at the people's participation and at the organization of the meetings held. These coincide with the turning over of reports by the current councilmen to the voters," remarked Amat, who is also minister of justice.

The nomination of candidates for the first round of elections called for by the State Council for 9 July started on 19 May and will continue until 18 June. During this time, more than 27,700 assemblies will be held.

The reports received by the Electoral Commission, indicate — with regard to previous elections, two and a half years ago — a higher rate of attendance and a smaller rate of suspension of meetings.

"A great deal of cohesion can been see in the electoral commission's duties and a great deal of interest in organizing matters, even down to the last detail," he stressed in an interview granted to the national news agency.

He added that this undoubtedly contributes to the experience accumulated and the people's consciousness with regard to the political importance of this first round of elections.

Weekly Praises Nomination Process for Upcoming Elections

PA2505140395 Havana PRENSA LATINA in Spanish 1703 GMT 22 May 95

[FBIS Translated Text] Havana, 22 May (PL) — Cuba will continue to build its democratic system in a way consistent with economic strategy, ideological budgets [los presupuestos ideologicos], and the nation's history, a local weekly stated today.

When referring to the nomination process for candidates to chair local governments —initiated on 19 May throughout the island— the publication highlights the people's participation, even in the most difficult times of the revolutionary history.

The current nomination assemblies constitute the base of the Cuban electoral process. Assemblies in each neighborhood propose candidates for council positions, and from them, each electoral district.

In this regard, the National Electoral Commission recently reported that elections are slated to be held simultaneously on 9 July in the nation's 27,799 electoral areas.

TRABAJADORES points out in its Monday edition that the participation of the people is a good way of responding to the enemies of Cuba and to those who ignore their right to rule themselves sovereignly.

This election process provides for a runoff election on 16 July to decide among those candidates who obtain the majority of the votes.

Television, radio, and the national press have given broad coverage of these assemblies where, according to the nation's legislation, candidates and their followers are not allowed to make election campaign promises.

In the midst of material limitations, adaptation to the blockade, and the revengeful zeal of annexing currents grouped in the United States, conditions exist in the nation to continue ahead with its democratic system, the daily points out.

Cuba has created a nomination system that allows practically universal participation of the voters and allows links among the municipalities, the national assembly (parliament), and the rest of the organizations of power [el resto de los organos de poder] that comprise this system, it adds.

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The nation needs capable representatives to promote the people's participation while it recalled that these constitute — as President Fidel Castro says — the indispensable link to strengthen the people's will to resist.

The big challenge for those who are elected shall be the material and social differences in each neighborhood, the publication affirms, while it calls for collective solutions and the cooperation among all social institutions to face these problems.

In this regard, Ricardo Alarcon, Cuban parliamentary president, said: "The essence of our system is that is does not waste its representation, it serves as a channel of this collective force, of these masses, and we should turn it into a systematic practice."

The community (each neighborhood) should maintain itself as a reservoir of socialism where greater work and productive richness is promoted as well as "better use of social, cultural, sports, and recreational life," the publication adds.

Official Highlights Political Importance of Elections

PA2505141995 Havana PRESNA LATINA in Spanish 0145 GMT 23 May 95

[FBIS Translated Text] Havana, 22 May (PL) — Today, Jaime Crombet, vice president of the National Assembly of the People's Government [ANPP], signaled the political importance of the upcoming partial elections in the nation. He also urged the people to vote for the candidates with the best political and moral qualities.

In a television appearance, Crombet pointed out that the elections for delegates to the People's Government Municipal Assembly [AMPP] will be held in the midst of the greatest economic blockade and the intentions of making it harsher with the Helms-Burton bill currently circulating in the U.S. Congress.

In this regard, the ANPP vice president said it was necessary to propose the persons with the greatest capabilities at the meetings being held throughout the nation since 19 May and up until 18 June.

In these encounters, the outgoing delegates will turn over accounts to their constituents of their two and a half year's administration at the AMPP. In Crombet's opinion, formal, bureaucratic, and unattractive acts, which may result in a monologue should be avoided.

When he acknowledged that progress has been made in curbing this tendency, he noted that those who are elected in the 9 or 16 July election (the last date is for those who have to participate in a runoff), should be true political leaders, capable, intelligent, dedicated, revolutionary, and prestigious.

It is not enough to represent their voters in the government, they should lead and mobilize them together with other factors in the territory in terms of solving the problems of circumscription (demarcation in which the municipalities are subdivided).

He highlighted that the delegates (aldermen or councilmen) who will join the AMPP are also those in charge of electing the local president and of presenting nominations for provincial delegates and for deputies to the parliament.

He also acknowledged that the work of the neighbors who take on this responsibility requires dedication and a big effort as it is exhausting and stressful. He pointed out that as one of the causes of the high level of turnover of councilmen in the current mandate.

Jaime Crombet also made reference to the current changes in the nation's economic structures. In this regard, he considered valid that in a gradual and future process the governments of the rank and file should gain autonomy in the administration of their budgets and in the use of the enterprises within their demarcations to erradicate some problems.

Nevertheless, he signaled that the nation's leadership will never leave unprotected the municipal administrations with lesser revenues.

Lage Notes Reduction in State Personnel at Office Opening

FL2505143995 Havana Radio Rebelde Network in Spanish 0900 GMT 25 May 95

[From the "Doing Radio" program]

[FBIS Translated Text] Carlos Lage, vice president of the Council of State, stressed the importance of control and supervision in view of the current economic conditions at the official opening of the national auditing office. The executive secretary of the Council of Ministers told the staff that they have the important task of protecting the interests of the Revolution and the people during the ceremony held at the Revolutionary museum. Lage told the staff that in the name of the government and the party they would have the support necessary to carry out their tasks. He also expressed confidence in their abilities and reliability. Lage designated the auditing office the top representative for the promotion and management of control and supervision activities so highly relevant today. Lage emphasized that currently there are 32 agencies belonging to state central administration, 27 ministries, and five institutes, and that the

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19,800 workers that belonged to the major central administration have been reduced to 8,000.

CANA Cites Agriculture Minister on Rice Production

FL2505115095 Bridgetown CANA in English 1632 GMT 24 May 95

[FBIS Transcribed Text] Havana, Cuba, May 24, CANA — Cuba should produce 100,000 tons of rice this year, about 30,000 tons more than the previous year, according to Alfredo Jordan, minister of agriculture. Jordan made the disclosure during a ceremony to begin a cereal harvest. The minister said that the rice consumption in the island is nearly 440,000 tons per year, and the price of one ton at the world market is US800. Jordan pointed out that in dependence of the efficiency of this campaign, it could be foreseen to produce 200,000 tons in 1996.

Minrex Spokesman Updates International Activities

FL2505195095 Havana Radio Rebelde Network in Spanish 1700 GMT 25 May 95

[Report by correspondent Gisela Bel Heredia; from the "National Radio News"]

[FBIS Translated Text] During his regular press conference Miguel Alfonso, Ministry of Foreign Relations [Minrex] spokesman, today announced that the president of the political Consultive Conference of China, Mr. (Li Ruiwan) will visit Cuba soon, and highlighted Mr. (Ruiwan's) role in Chinese politics.

[Begin Alfonso recording] He is a very important figure in domestic Chinese politics, and of course his visit is to be carried out within the framework of the development of activities involving increasing relations between Cuba and the Chinese government and people. [end recording]

Alfonso also referred to Foreign Minister Roberto Robaina's visit to the Ukrainian and Russian republics, which the Cuban Foreign Ministry described as successful. Alfonso added that Minrex evaluates European Union commission member Emma Bonino's recently concluded visit to Cuba as very good. In addition, he stressed the importance Minrex places on the Rio Group's statement condemning the Helms-Burton bill, as well as referring to other international news of interest to Cuba.

Correction to Commentary Views U.S. Legislators

PA2405165295

The following correction pertains to the item headlined "'Crusade' by 'Extremist' U.S. Legislators Viewed," which appeared in the 24 May Latin America DAILY REPORT, page 4:

Column two, paragraph two, sentence two, make read: ...who is also secretary of the Executive Committee... (correcting title)

Haiti

CEP Issues Definitive List of Approved Candidates

PA2605002395 Port-au-Prince Radio Metropole in French 1600 GMT 24 May 95

[From "The Midday Newscast"]

[FBIS Translated Text] A new list has just been issued. It is the third list, complementing the last one, according to the specifications given by the Provisional Electoral Council [CEP]. Some independent parliamentary candidates have now been approved. Also, some independent candidates for the Delmas municipalities and the Petion-Ville municipalities have been approved. The candidates can call the radio station for confirmation.

The FNCD [National Front for Change and Democracy] also has candidates who have now been approved in Chambellan, Grand'Anse Department, Verette, Arniquet, and Limonade. The Assembly of Progressive National Democrats [RDNP] has some deputies in Trou-du-Nord, Frantz Guillaume, Terre-Neuve, Anse-Rouge, Artibonite, and (Ananias) Pierre, and Jean-Lucner Rene has been approved for the second constituency of Les Cayes, in Sud Department. RDNP candidates for the Miragoane municipality have been approved. Marie-Denise Claude, the Haitian Christian Democratic Party [PDCH] candidate for Ouest Department, has now been approved by the CEP. PDCH other parliamentary candidates have also been approved for the Ouest Department, Delmas, Grand'Anse, Petit-Trou de Nippes, Artibonite, and Gros Morne.

About 20 or 30 Lavalas candidates have also been approved for the posts of mayors in several constituencies throughout the country and for some parliamentary seats in the second constituency of Jacmel. Other candidates have also been approved for Artibonite and Grand'Anse.

It should be noted that candidates for the MRN [Movement for National Reconstruction Movement] led by Rony Mondestin have been approved in this new and final list issued by the CEP, which confirms that the GMRN [Group for the National Reconstruction Movement], led by Rony Mondestin, is now recognized by the CEP, thus some of its candidates have been approved. But the MRN led by Rene Theodore has been definitely eliminated.

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The GMRN candidate approved for the senate from Nord Department in Cap-Haitian is Jacques Rony Mondestin, secretary general of this group, and from Trou-du-Nord in Nord-Est Department is Jacques Pierre. The parliamentary candidates in the second constituency of Saint-Raphael in Nord Department are Edmond Colas and Joseph Bittem and for Sainte Suzanne in Nord-Est Department, Elie Pierre. For first constituency in les Cayes, Sud Department, the candidate is Paul Juste-Esterlain, and for Valiere in Nord-Est Department, Ignace Saint-Fleur Philsaime. For Mirebalais in Centre Dapartmemt, the candidate is Roosevelt Prince, and for second constituency, Port-au-Prince, Ouest Deaprtment, Jean-Jacques Herve Germa; for second constituency, Grand'Anse Department, Jean-Joseph Lionel Revolus; for first constituency Anse-a-Veau, Marius Nivose; for first constituency in Acul-du Nord, Nord Department, Nicolas Lucie-Josy B. In Mirebalais again the candidates from GMRN led by Rony Mondestin, for Centre Department, is Monfort Miracles; for second constituency Saint-Marc, Artibonite Department, Ni Mitelot; for Terrier Rouge, Nord-Est Department, James Pierre; for Fort-Liberte, Nord-Est Department, Victor Honore Artus; for Trou-du-Nord, Nord-Est, Martial Chenat Pierre; for first constituency (word indistinct), Sud-Est Department, Harry Jean Pierre; for Archahaie, in Ouest Deaprtment, Joseph Labonte Brierre; for Port-Salut, Sud Department, Jean-Samuel Frezil; for third constituency of Port-au-Prince, Ouest Department, Charles Fritz; and for first constituency Port-au-Prince, Ouest Department, Pierre Luther, Pierre Toussaint. Some GMRN candidates for the various posts of mayors in different departments and constituencies have also been approved.

The list is long. Let me add that the CEP also issued a sort of open answer to the political parties and to the candidates questioning their elimination. It is the third and last list for some candidates who will get some sort of explanation as to why the CEP did not consider them. Let me add quickly that the RDNP [Assembly of Progressive National Democrats] issued a note criticizing the CEP. The mechanism set up by the CEP is outrageously partisan. With the normalization of the Court of Cassation, the composition of the CEP, and the content of the electoral statutory order, the chances of really democratic elections were already basically null, says the RDNP. But now, with the arbitrary and alarming decisions made by the CEP, it is the possibility of honest elections that is in question. If the elections are confirmed and maintained, according to the RDNP, it will be a real slaughter since at the parliamentary level, let us repeat, there are only 17 RDNP candidates and three candidates at the senate whose names were not cited by the CEP, which eliminated them before they had the chance to present themselves to the only true deciding factor, the popular vote on the day of the elections.

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Zedillo Announces Plans To Increase Productivity

PA2505171495 Mexico City XEW Television Network in Spanish 0430 GMT 24 May 95

[Report by Juan Jose Pardo; from the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] At the installation of the Mexican Council for Productivity and Competitiveness, President Ernesto Zedillo pointed out that an increase in productivity will be a key factor in the growth of the Mexican economy. The boost to be given to production will emphasize the micro, small, and medium-sized enterprises. Speaking before labor, peasant, and business leaders, the president said:

[Zedillo] "The installation of this council represents a renewal of the alliance between workers, farm producers, entrepreneurs, and the government of the republic vis-a-vis the task of productivity. This is a thorough movement that calls for everyone's participation and seeks to transform the activities of the economy so that it will result in more jobs and better incomes for the men and women of the rural and city areas."

The president added:

[Zedillo] "This council is being installed at a time when we begin to notice some positive results of the program with which we are confronting the economic emergency. The rapid adjustment we are obtaining implies that the recovery will also take place faster."

The president provided more information as to how we are making progress in the face of the crisis.

[Zedillo] Another encouraging sign is the fact that Mexican public and private entities are recovering their access to the international capital markets."

Zedillo added that methods to stimulate greater efforts in the field of technology will be analyzed with private and social sectors.

[Zedillo] "To this effect and in order to motivate the creation of a broad market for technology research, we will improve the fiscal mechanisms of credit guarantees and capitals risks."

Representatives from the sectors participating in the Mexican Council of Productivity and Competitiveness also spoke during the installation ceremony. Santiago Onate Laborde, secretary of labor and social welfare, spoke on behalf of the government, while Rafael Riva Palacios Pontones, president of the Labor Congress, spoke on behalf of the workers. Beatriz Paredes Rangel, leader of the National Peasant Confederation, spoke for the peasants, and Luis German Carcoba, president of the Business Coordinating Council, represented the entrepreneurs, even though he will be leaving this post shortly. Fidel Velasquez, leader of the Confederation of Mexican Workers, also attended the ceremony.

Zedillo, Salinas Styles Compared

95CA0237A Mexico City REFORMA in Spanish 4 May 95 p 7A

[Commentary by Lorenzo Meyer, Colegio de Mexico historian and international relations specialist: "The Impersonal Style of Governance"]

[FBIS Translated Text]

A Problem and a Hypothesis

To what extent is the president, personally, the one who determines political form and content, and to what extent are impersonal forces—inertia, established interests—the true determinants?

Twenty-one years ago Daniel Cosio Villegas wrote *El estilo personal de gobernar* [The Personal Style of Governance] (Mortiz, 1974). After examining Luis Echeverria's government, he proposed a hypothesis: in Mexico, a substantive part of politics is explained more by the personal characteristics of the person who holds and wields power at the highest level—the president—than by the structural conditions of the system in which that power is exercised. Another way of saying the same thing is: the political institutional system in Mexico is defective and personalities matter a great deal. Cosio Villegas had no doubt that the worst features of the Echeverria government—inconsistency, contradiction, improvisation, excess, or ignorance—reflected the worst characteristics of Luis Echeverria Alvarez himself. Therefore, said the author, the essence of public life in Mexico depends to a large extent on the individual characteristics of our presidents.

Comparing Ernesto Zedillo with Carlos Salinas is a good way to test the Cosio Villegas hypothesis, for even though both presidents are the product of the same system, their backgrounds and personalities are different and contrasting. Salinas was born and raised in an environment of relative abundance, in which familiarity with power gave him an early knowledge of it and its features, along with the security and ambition inherent in those who know they are permanent members of the powerful elite. In contrast, Ernesto Zedillo was born and raised in straitened middle class circumstances in which people had to struggle very hard not to prosper, but simply to survive, and attainment of high office was rather unlikely for him. Salinas, ever since he was very young, planned to become president and put all his energies into achieving this ambitious yet plausible goal; for Ernesto Zedillo, the presidency came as the result

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of chance, not as the culmination of a plan. Salinas, an economist by training, made politics in its broad sense his area of study; Ernesto Zedillo, on the contrary, worked until very recently in the technocrat's restrictive world; that was the secret of his success. Finally, the differences in both men's backgrounds and personalities are many and significant. Yet to date, the similarities in their political styles and contents are more striking than their differences.

Carlos Salinas no longer governs Mexico, but a good part of the practices that typified the presidency during his six-year term remain unchanged, even though the new president tried to distance himself from them in his 1 December 1994 inaugural speech: issues like relations among the three branches of government or respect for law, to mention just a few salient examples. However, as we shall see later, a comparison of the forms of governance in Salinism with those of Zedillism lend support to the suspicion that presidential differences in personality and philosophy may not have much importance in reality, as to a large extent the style and substance of their policies end up being very similar. From the contrast—or lack thereof—between the policies of Salinas and Zedillo we find that their style is not personal but quite the opposite: it is rather impersonal. The president as an individual matters less than the structural factors that form the context in which he formulates and conducts his policy. It is the authoritarian imperatives surrounding the chief executive—from the Presidential Staff to the need to maintain a special relation with the United States—which explain the style and substance of his policy, rather than personal factors. If this is true, and if Mexican politics needs to change, that change must be sought and promoted less in and with the president and his personality, and more in the presidency and in the rest of the institutional and social framework. Let us look at some specific cases.

The Executive and Respect for Legislative Authority

Salinas, like all presidents of this century and a good many in the 19th century, tried to dominate the legislative branch. In contrast, in his inaugural speech, Ernesto Zedillo stated that he would take the opposite approach. He said: "The premise for relations between the executive and the legislative branches is based on strict respect for autonomy... I propose to work respectfully and in cooperation with Congress." The new president's intention to change the style and substance of presidential relations with the legislators was commendable and sound, but in its first test it was cast aside.

The major economic crisis which Ernesto Zedillo said he did not expect but which blew up in his hands on 20 December 1994 (NEW YORK TIMES, 14 March), caused the president to begin to discover the advantages of the old style of executive-legislative relations. In fact, the approach the government used to deal with the crisis which it did not foresee was to put the cost of the mistakes of the political class on the shoulders of society as a whole. So he chose to put the economy in a depression as a quick way to achieve a surplus in Mexico's trade with the rest of the world. As part of this strategy—which to a good extent was a condition for Mexico to receive a megaloan from the IMF and the United States—he decided to increase the VAT [Value Added Tax] from 10 to 15 percent, and to do so he needed to have the seal of approval of Congress. Amidst widespread citizen opposition to the measure (see the polls), the "people's representatives" from the PRI [Institutional Revolutionary Party] and only those representatives—with a sole exception in each of the two chambers—passed without further discussion the tax increase the president wanted. In the process, the leaders of the PRI benches could not and did not try to conceal their role as mere transmitters of the president's orders.

The obscene gesture with which the leader of the PRI deputies—Humberto Roque Villanueva—celebrated the PRI victory in the vote for higher taxes in times of recession and declining purchasing power for the people may very well symbolize the fate of the president's promise of "strict respect" for the legislative branch's autonomy. The later "steamroller" approval of the legislation to open the gas industry to private investment—including foreign investment—was simply another example of the same thing: different presidents but similar—impersonal—styles of governance.

The Executive and Respect for Judicial Authority

During his campaign Ernesto Zedillo portrayed himself as the champion of the "rule of law." In his inaugural speech he spoke of the Supreme Court as an institution "which through its hard work has won for itself the respect of Mexican society" (?), and he then declared the judicial branch a "factor in the democratic balance of government powers." Still, as soon as a critical situation arose—the clash of the capital city's government with Sutaur [United Trade Union of Route-100 Workers], all that supposed respect and enthusiasm for the balance of powers fell by the wayside.

Abraham Polo Uscanga, a magistrate for five years on the Federal District Superior Court, decided to resign from the court on 27 March rather than yield to the pressures which Saturnino Aguero—president of the Federal District Superior Court—was putting on him to issue the arrest warrants the Executive was

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seeking to proceed immediately against 11 of the Sutaur leaders (PROCESO, 17 April 1995). Concerning the government's problems with that union, the former magistrate had drafted a decision which concluded that at that time he would not act "to grant the arrest orders sought by the Public Prosecutor." Still, after Polo Uscanga's resignation, another magistrate, Eduardo Alfonso Guerrero Martinez, in just three days examined the 11 volumes of case records and concluded that, as the Executive requested, he would order the union leaders' arrest for breach of trust with 250 former "Route 100" workers. So the Executive was well served by the Judiciary, but independence and the balance of powers were not. Two different presidents—who are today enemies—but just one style of governance.

PAN Justice or Reasons of State

To make his commitment to a new system of justice credible—"no one can be above the law," he said on 1 December 1994—Ernesto Zedillo, in an unprecedented action, decided to entrust judicial authority to a member of a loyal opposition party: Antonio Lozano Gracia of PAN [National Action Party].

From time immemorial, Mexican justice has been one thing for people with power—economic or political—and something quite different for people without power. With the arrest of Raul, the older brother of former President Carlos Salinas, the new government took a step in a new direction: no one is above the law. Unfortunately, when for reasons which are still not very clear, the Executive abruptly decided to move from negotiating with the Chiapan Zapatistas to confrontation, reasons of state led the Attorney General's Office to play its traditional role: acting above the law. Not only did it proceed with spectacular arrests of presumed Zapatistas on very shaky evidence in Mexico City and the states of Mexico, Veracruz, and Chiapas—evidence so shaky that some of them are already free—but it did so in the old style: by torturing them to extract the instantaneous confessions that reasons of state required. Finally the National Commission for Human Rights had to issue its Recommendation 50/95, as it found that there was reason to believe that the reports of physical and psychological torture made by the accused were true (EL FINANCIERO, 12 April). With or without PAN, the reasons and needs of the Presidency take precedence over any other consideration.

And there are more examples of continuity in the same style: economic policy, investigations of the political assassinations, the drug traffic, treatment of the press, etc. In summary, different presidents—contrasting and now even estranged—different situations, but the same and persistent style of governance.

The former assertion does not exclude the possibility that, with the passage of time, some individuality might occur in Ernesto Zedillo's style of governing which could have some real political importance. In that case, the Cosio Villegas hypothesis would regain its validity. However, I suspect that, even then, the weight of institutions and of old and very deeply rooted Mexican political habits would relegate the personal factor to a secondary plane. So the central political problem, then, does not lie so much with the president as a person, but in the Presidency as an institution.

Goverment Weighs Repercussions of 35-Percent Tariff

PA2505154495 Mexico City EL FINANCIERO in Spanish 22 May 95 p 26

[Report by Georgina Tristan, Lino Calderon, and Isabel Becerril]

[FBIS Translated Excerpt] A total of 83 days after President Ernesto Zedillo announced the application of a 35-percent tariff on the import of shoes, leather, and apparel, those productive sectors continue to be defenseless, because the government has not kept its promise.

Likewise, the industrialists, manufacturers of games, electronics, chocolate, household appliances, and tools, will ask the Secretary of Commerce to apply special tariffs on the import of these products.

Nevertheless, they reiterated that Secofi's [Secretariat of Commerce and Industry] weakness in not closing the border to Asian products has irritated industrialists, the manufacturers of shoes, apparel, and other sectors, as the companies continue to lose jobs due to dumping [preceding word in English] and the decrease in the demand in the local market.

Representatives of businessmen reported that the peso's devaluation has not halted Asian imports, while they claim it is unacceptable for Secofi to act so slowly in the application of compensatory taxes.

They explained that President Ernesto Zedillo announced on 28 February, for the first time, the application of a 35-percent tariff on the import of leather goods, apparel, and shoes and that on 9 May he ratified the measure.

Nevertheless, up until now the rules of the game have not been published in the DIARIO OFICIAL and until this occurs 15 more days must go by for preparations to be made.

The representatives of the apparel and shoe sector do not know how the sanctions will work against the Asian

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imports; however, everything points to the fixing of a ceiling for some products. [passage omitted]

Meanwhile, experts in foreign trade and members of the National Association of Importers and Exporters warned that Asian nations will take commercial reprisals against Mexico if the 35-percent compensatory quota is applied on leather, shoes, and textile imports.

Likewise, the European Union requested that the Mexican Government not include them among nations against which measures will be applied.

This is why, "for the time being," the government will not apply the 35-percent compensatory tax that it announced on 9 May, as it is weighing the repercussions from abroad of such a measure, they stated.

They added that this measure was not well-received by the European Union and Asian nations; consequently the European Union asked the Mexican Government not to be included in economic sanctions.

Likewise, they indicated that the Asian nations could take reprisals against Mexico if the compensatory tax is applied against all nations with which it has not signed trade agreements.

They added: "This is why the Federal Government is analyzing the application of the compensatory taxes and not precisely the damage caused by illegal imports of textile, leather, and shoe products.

They indicated that the sanctions were to be applied from February; these were ratified on 9 May by the Secofi secretary during the inauguration of the National Council of Micro, Small, and Middle-Sized Industry.

Nevertheless, no date has been set for this to enter into force, while the industrialists in these sectors hoped it would be one week after the announcement at Los Pinos [presidential house].

The Mexican Government, however, is analyzing the measure, as the main problem will come up with the Asian nations that do not want the measure applied while they threaten to make use of the prerogatives they have in the new World Trade Organization.

These nations, as well as the European Union nations, could raise the tariffs on imports from Mexico as a reprisal if Mexico decides to apply the 35-percent tariff.

For three years, the National Chamber of the Shoe Industry, as well as those chambers of the States of Guanajuato and Jalisco have been requesting the application of tariffs, even before the passing of NAFTA.

During the past administration, the three chambers stated their intention to the government of applying a surtax on new sectors, among these, the shoe sector, to which Mexico had a right within GATT.

Blanco on Protectionism, Investments

PA2605025095 Mexico City REFORMA in Spanish 24 May 95 p 24A

[Interview with Herminio Blanco, Mexican secretary of commerce and industrial development, by Yadira Mena; date and place not given]

[FBIS Translated Text] [Mena] What is the situation in the industrial sector?

[Blanco] National industry faces two negative aspects. Decreased domestic demand and high interest rates. The UDI's [Investment Units] were created to confront the financial situation and they are aimed at 80 percent of the companies. What are the challenges facing the companies? To live in a country that is stabilizing and to grow. The only way out is to become exporters.

[Mena] Will tariffs be increased in other sectors?

[Blanco] I find it difficult to identify other sectors with the characteristics of the leather-shoe and textile-clothing industries, because they have faced competition, especially from Southeast Asia. They are made up of small companies with great competitive potential and they can take advantage of the possibilities that the free trade agreement offers. I find it difficult to identify other sectors, but the national council is tasked with making such analyses and proposals.

[Mena] Are there plans for sectors that are similar to the leather-shoe and textile-clothing sectors?

[Blanco] We will continue to work with other sectors that show potential. The council will focus on two kinds of actions: Those related to deregulation and others related to fiscal aspects that affect all sectors.

[Mena] Has Secofi [Secretariat of Commerce and Industrial Development] identified other sectors with high potential?

[Blanco] That is something we have to do together with the council, because if I decide which ones, many might wonder why they were not selected?

[Mena] What will be done to prevent unfair commercial practices?

[Blanco] Surveillance of unfair competition practices is very important, because the protection of national companies will be a major goal. We cannot allow articles to enter our markets through the use of subsidies, which are banned by the World Trade Organization, because this undermines our productive plants.

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Based on size, we are definitely the country most actively involved in fighting subsidies through anti-dumping measures. The United States surpasses us, but its size must be taken into account. We will continue to work on this. The issue of tariff protection is very important, but also very delicate. What we have done with the leather-shoe and textile-clothing chains is to offer temporary protection to make them more competitive.

Any tariff protection that reduces the competitiveness of the productive chain is not advisable and runs counter to our goals of generating jobs. The basic principle behind the protection granted to these two chains is respect for their competitiveness.

[Mena] Does Secofi have measures to help small companies report unfair practices?

[Blanco] We have always offered help to these types of companies. Obviously, there are companies that are too small, and this is where I think that institutions, such as chambers, can play an important role. If companies are too small and lack resources, the chambers must bring them together to report cases before Secofi.

We recommend that small companies join efforts with other companies or that they resort to their respective chambers to get help in reporting such cases. A concern that was voiced in December pertains to foreign investment.

[Mena] Is there trust that capital will be poured into our productive plants in the wake of the crisis?

[Blanco] There is great interest in continuing to invest in Mexico, an interest that did not decrease during the crisis. Investors were waiting for stability. They all view Mexico as it was prior to December, they see its commercial competitiveness and the changes it has implemented with its open market policy, and this image is improved by a favorable exchange rate.

They were, however, waiting for stability signs. In the past five weeks, financial markets have shown the first signs of recovery, and I think that businessmen are much more determined to get established here, and those who already have, to increase their investments.

[Mena] In what kinds of investments is there interest?

[Blanco] In Mexico there are major companies such as Ford, which has made major investments and which announced the expansion of its Chihuahua plant. It is difficult to find many small companies that are able to do something like this. Large companies are needed. We will see important investments coming to the country, especially in the areas of infrastructure, ports, electricity, petrochemistry, railways, and telecommunications.

[Mena] Will changes be made to portfolio investments?

[Blanco] This will require a reprogramming at the international level. I think that the Mexican experience during this crisis has taught the world and especially the G-7 that the way to run internatinoal financial markets should be reconsidered.

If this happened to a country like Mexico, with a fundamentally healthy fiscal policy and after having introduced large substantial changes and negotiated NAFTA, due to the speed with which capital moves and also looking at the impact it had on Latin America, this should be one of the most important topics on the agenda of the G-7. To answer this question, an international agreement will be required.

[Mena] Are there any agreements on the agenda to provide certainty for foreign investments?

[Blanco] We are making progress in this direction, and we will report more about this in the near future.

[Mena] How are international commercial negotiations going?

[Blanco] Industrialists are participating in negotiations with our neighbors. The free trade agreement helps us resolve the situation the country is confronting. This year, we will have an enormous surplus with the United States. NAFTA is the great solution to the crisis Mexico is facing, because it gives national production sectors a demand for their products, which offsets the impact of the crisis on unemployment and production.

[Mena] What is the price policy that Secofi maintains?

[Blanco] We have reached agreements with different sectors. The basic principle that we have followed in reaching accords is the delicate balance between preventing prices from going up and the need for price increases to reflect cost increases. If a company does not increase prices to offset the hike in costs, it simply will not produce. This causes two very damaging effects: There will be no supplies, and there will be no jobs.

In the agreements that have been reached, not all increases have been passed on to the final consumer, given the restrictions of a reduced market.

[Mena] There is uncertainty about the functioning of the National Council of the Micro, Small, and Medium-sized Enterprise...

[Blanco] There are very important elements of organization that have been announced since the installation of the Council and very important specific measures stemming from consultations with Council members to launch sectorial programs.

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I believe that from the institutional standpoint, this is a very important measure, because the government, in conjunction with business institutions, is opening up a new opportunities with the support of social sector businesses.

We are convinced that the only way to design effective instruments is with the full assistance of the government and the production sector. We have a very similar view on why it is important to work with micro, small, and medium-seized businesses, which generate 78 percent of the jobs.

[Mena] What will be their range of action?

[Blanco] It will be a forum of decisions and implementation of fundamental programs for the promotion of the micro, small, and medium-sized enterprises comprising programs of deregulation, because authorities will only intervene in those activities representing significant health and environmental risks.

According to government instructions, in six months the INEGI [National Institute of Statistics, Geography, and Information Science], in coordination with the different institutions and secretariats, will prepare a common list of those sectors that must be classified as risky. The important principle for the deregulation is that it must be based on self-regulation and joint responsibility; we will work toward this goal. We will have production sector experts to conduct inspections and be held legally accountable, so that the government does not have to intervene in different businesses.

The other thing all secretariats were tasked with is that in three months, we must have a unique form to be filled out by those wishing to open a business. The combination of that unique form and the list that will come out in six months will be a great step toward deregulation.

Foreign Debt Payments Surpass Projections

PA2505164395 Mexico City EL FINANCIERO in Spanish 23 May 95 p 5

[Article by Alicia Salgado]

[FBIS Translated Text] Mexico's lack of credibility in international markets following the devaluation of the peso in December has caused a substantial and unscheduled increase of $87.5419 billion in the balance of the foreign public debt amortization program.

Between January and March, excluding interest payments, $7.8976 billion of the public foreign debt was canceled, an amount almost equal to the $7.813 billion in capital payments which should have been made in all 1995 under "normal conditions," according to the Mexican Foreign Debt Amortization Program prepared by the General Directorate of Public Credit at the end of 1994.

In regards to the total public foreign debt service charge, a $9.4905 billion payment was made, $1.5929 billion corresponding to interest payments — an amount 8.3 percent higher than payments made in the first quarter of 1994 — due to an increase in international interest rates and the devaluation of the U.S. dollar in face of other strong currencies, whose impact on Mexico caused an increase of more than $2.1061 in the public sector's foreign debt balance.

It must be emphasized that 61 percent of the public sector's foreign debt is U.S. dollar-based, 20.5 percent in money baskets (IDB [Inter-American Development Bank]-World Bank loans), 9 percent in Japanese yen, 3.5 percent in German mark, 3.2 percent in French francs, 0.8 in Italian lire, 0.6 percent in pounds, and the remaining 1.4 percent in other currencies. On the other hand, of the total debt, 26.5 percent is owed to the United States, 20.5 percent to international financial organizations, 16.4 percent to Japan, 9.9 percent to England, 5.6 percent to France, 4.4 percent to Germany, 4.0 percent to Canada, 3.5 percent to Switzerland, 2.2 percent to Spain, 1.4 percent to Italy, and the remaining 5.9 percent to 35 other countries.

According to information prepared in December 1994 by the Finance and Public Credit Secretariat (SHCP), in 1995 the maturity of capital loans contracted with foreign banks — including restructured loans — reached $1.880 billion, another $4.854 billion corresponded to debt amortization from official sources (World Bank, bilateral loans, private loans, payment of par and discount bonds, and etc.), and with the IMF, yearly maturity was registered at $1,092 billion.

However, in the first quarter of 1995, the foreign debt service significantly exceeded those provisions because the foreign markets were closed which made it impossible to renew short-term loan maturities, a period in which only long-term foreign loans were made for $327.7 million (27.7 percent of these through the development bank and the rest through public organizations and companies).

According to the Public Foreign Debt Report, between January and March, of the $7.8976 billion used in debt amortization, $3.0177 billion corresponded to the payment of long-term loans (original structure) and $4.8799 billion to short-term loans (loans not renewed because of the lack of confidence triggered in foreign markets by the December devaluation). Regarding this last point, the SHCP reports that 38.8 percent of the short-term debt corresponded to payment of Bancomext

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[National Foreign Trade Bank of Mexico] commercial documents and bilateral credits (foreign trade accounts not renewed partly because of the drop in exports and by the decision of government's foreign trade agencies to wait until the Mexican panorama clears up before proceeding to increase them); 11.1 percent for payment of commercial documents placed by the federal government; 11 percent paid by the National Finance Bank, Nafin to cancel commercial documents and direct loans; and the remaining 0.4 percent corresponded to the electric sector (suppliers's accounts).

Regarding long term currency circulation, of which $3.017 billion was amortized, the payment of bank acceptances for $1.127 billion made by Mexican Petroleum is noteworthy. Such acceptances would have been renewed upon maturity under "normal" conditions, but due to the financial and confidence crisis, they were not renewed until April, and even then for a different amount.

In addition, the government made payments on long-term loans: $860.7 million for bilateral credit, $489.4 million for international financial organization loans, $273.9 million to pay off Brady bonds, $225 million for medium-term debt notes, $15 million for various other credit payments, and $26.7 million to reimburse funds used to provide fresh money, known as Myras, of which Nafin received $15.6 million.

According to the SHCP, "the foreign public debt maturity schedule improved during the first quarter, because now it provides the country a more adequate payment calendar." About 32.4 percent of the total balance is due in one payment in the year 2019 and is backed by U.S. Treasury zero coupon bonds. In 12 years time, 63.3 percent of the balance is due, while the remaining 36.4 percent includes Brady bonds, which in some cases are due 34 years from now.

Results of Survey on Nation's Economic Future

PA2505171695 Mexico City REFORMA in Spanish 23 May 95 pp 1A, 13A

[FBIS Translated Text] Although there are positive predictions abroad regarding Mexico's economic future, a survey conducted by REFORMA and EL NORTE among 450 companies in Monterrey, Mexico City, and Guadalajara, reveals that 36 percent of these companies are facing bankruptcy.

Twenty-five percent of the businessmen interviewed mentioned they would need to fire employees during the next months.

Seventeen percent mentioned reduction in spending and saving in every possible way, as one of the most important measures to face the economic problems prevailing in Mexico.

The companies interviewed were selected from a list of industries, businesses, and service companies enrolled in the most important business organizations in each city.

Conflicting realities

Outside Mexico

"I say the crisis has been overcome because I am confident that now this crisis has become a manageable issue." **Michel Candessus,** IMF director general.

"The lesson has been that risks have to be detected sooner because sometimes the financial markets are blind and when they open their eyes, the problem is too serious." **Jean-Claude Paye,** OECD secretary general.

"The bitter medicine is working, and markets are taking note of this." **Warren Christopher,** U.S. Secretary of State.

In Mexico

Danger of Bankruptcy

Results of a survey carried out by REFORMA among 450 small and medium-sized companies in Mexico City, Monterrey, and Guadalajara: **Is your company facing the risk of bankruptcy now?**

Fifty-six percent are not at risk of bankruptcy now, 8 percent do not know yet, and 36 percent are at risk. **Do you believe you will have to fire employees and workers in coming months, yes or no?**

Sixty-six percent answered no, 25 percent said yes, and 9 percent do not know yet.

The crisis continues ...

A survey of 450 micro, small, and medium-sized companies in Mexico City, Monterrey, and Guadalajara reveals that at the end of May, decreased sales, cash shortages in the economy, and the firing of employees continues. **What measures has your company taken to face the crisis?**

Twenty percent have fired employees, 18 percent are discounting prices, 17 percent are reducing expenses, 8 percent are reducing costs, 7 percent are seeking new markets, and 30 percents are taking other measures.

Do you intend to restructure your loans or have you already restructured them?

Twenty-one percent have already restructured their loans, 20 percent have not restructured them, 19 percent have not decided yet, and [words indistinct].

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Are you aware of the Federal Governments measures to support micro, small, and medium-sized companies?

Thirty-four percent answered yes and 66 percent said no.

What is the main problem your company faces due to the crisis?

Thirty-four percent answered decreased sales, 33 percent said lack of liquidity, 11 percent said high costs, 7 percent said no customers, 6 percent said expensive credits, and 9 percent mentioned other problems.

Have you studied the possibility of restructuring in Investment Units, Udis, yes or no?

Forty-nine percent said no, 47 percent answered yes, and 4 percent do not know.

What support does you company require from the government?

Twenty-nine percent require lower interest rates, 17 percent financial support, 15 percent lower taxes, 12 percent parity stabilization, 7 percent job creation, and 20 percent have other requirements.

Government, Labor Ties Watershed Seen

95CA0238A Mexico City REFORMA in Spanish 6 May 95 p 11A

[Commentary by Jaime Sanchez Susarrey, University of Guadalajara research professor: "End of a Regime and an Era"]

[FBIS Translated Text] It is the end of an era and a regime. The May Day parade was called off, and in its place there was a march by independent labor organizations. With one stroke of the pen a more than 70-year tradition was interrupted, and for the first time neither the president of the republic nor Fidel Velazquez presided over the parade from the main balcony of the palace.

Four months before, amid the whirlwind of the devaluation and capital flight, the government of the republic announced the signing of a new pact to tackle the crisis. After intense negotiations the labor federations and employer organizations signed an agreement on 3 January. Zedillo signed as a witness of honor. The accord was stillborn, however.

And it was stillborn for obvious reasons. Since 1987, when the first pact was put together, the touchstone of the accord among production sectors has been the value of the dollar. Employers and workers pledged repeatedly to moderate the wage-price spiral by means of preapproved downward drift of the peso vis-a-vis the dollar.

Needless to say, amid the financial maelstrom of recent months the only thing that the government of the republic could not (and still cannot) offer to do was to stabilize the peso vis-a-vis the dollar. But without control of the exchange rate it was absurd to try and moderate or even anticipate what the increases in business costs would be. This is why the pact of 3 January was stillborn.

Thus, in a span of four months relations between the government of the republic and the labor movement have received a double jolt: first because the pact suffered a heart attack with the devaluation and was discreetly buried, and second because the May Day parade, a symbol of the official labor movement's strength and of its strategic alliance with the state, vanished from the scene without fuss or shouting.

Now then, the Mexican state's alliance with organized labor has been one of the keys to Mexico's political and social stability. Unlike what happened in Europe and several Latin American nations, in our country the workers and the peasants did not organize outside and against the state but rather in close collaboration with (if not subjugation to) the government party.

Lazaro Cardenas' accomplishment in the 1930's was to incorporate the major labor (CTM [Confederation of Mexican Workers]) and peasant (CNC [National Peasant Confederation]) confederations into the Party of the Mexican Revolution. Since then the official organizations have received the government's support in exchange for a strict selection of their leaders and the moderation of their affiliates' demands.

But that is not all. The worker and peasant confederations demanded and got political representation in the Congress, the Senate, and of course, the various levels of government in the states of the republic. It was thus that a good many popularly elected posts were assigned to them as their birthright.

The system that Lazaro Cardenas organized has three fundamental characteristics: 1) presidentialist, inasmuch as it made the other branches (the legislature and the judiciary) wards of the chief executive; 2) one-party, inasmuch as a single party controlled all public posts; 3) corporativist, given that the workers and peasants were organized in unions and confederations affiliated with the government party.

This political pact rested on two assumptions. On the one hand, the government party did not hesitate to resort to the manipulation of electoral processes to retain control of all public posts; and on the other, unofficial

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organizations were barely tolerated, if not besieged and persecuted. A monopoly of political and social space was thus created.

This explains, at least in part, the traditional weakness of leftist parties and movements in Mexico. Their natural constituencies (the workers and peasants) were co-opted by the government party; the few organizations that remained on the outside were always tiny.

It was not until the 1970's, after the 2 October 1968 repression, that a series of independent unions more or less tied to leftist political organizations arose. The truth is, though, that never, not even in their best days, were they strong enough to vie with the major labor confederations for hegemony.

Even today, the CTM or the CROC [Revolutionary Confederation of Workers and Peasants] has more affiliates than most of the independent unions or organizations that marched this past 1 May. But the mere suspension of the official parade has a symbolic political dimension that must not be underestimated, especially not in the context of greater political pluralism, as no one can guarantee that the CTM or CROC candidates for popularly elected posts will unfailingly occupy their seats.

In social terms, the economic crisis that was unleashed with the December devaluation will have a fundamental impact on the employment and income levels of the workers. Consequently, not only will the affiliates place increasing pressure on their leaders, but new alliances between the independent labor movements will also develop.

Even in the event that the government of the republic's economic program works, the situation in the short and medium term will be complicated. The stability of the peso and the decline in interest rates will not stop many businesses from going bankrupt in the near future. It thus stands to reason to expect a considerable increase in social pressures.

No one can predict for certain what will happen in the months to come. But there can be no doubt that the crisis is rapidly undermining the state's pact with the labor movement. What happened between 3 January and 1 May confirms that we are witnessing the end of a regime and an era.

Large Drug Threat to Government Seen

95CA0236A Mexico City REFORMA in Spanish 1 May 95 p 9a

[Commentary by Raymundo Riva Palacio, journalist and former director of the government news agency NOTIMEX: "The Drug Trade's Loose Ends"]

[FBIS Translated Text] The course of Mexican society would no longer be the same after the chief of police in Culiacan, Lieutenant Virueta, was murdered back in 1969 in the downtown area of the Sinaloa capital as he was eating some tacos. The drug traffickers' deadly bullets altered from that day on the Mexican state's continuing struggle against the allure and weapons of dirty money.

For almost 15 years the issue would be taboo in public opinion. It was broken in the spring of 1984 when in a pastoral letter the bishops of the Pacific spoke out against the penetration of drug trafficking into national life. Few noticed the momentous message, but one of them, Manuel Buendia, quickly picked it up and put in on the front page of EXCELSIOR through his column "Private Network."

That column, which fueled the impression that he had information linking politicians to drug trafficking, cost him his life. According to investigations that were never made public, his fate was decided a month before his murder, during a meeting attended by a senior military officer, politicians, arms merchants, and federal police agents involved in drug trafficking. Only the latter have paid for his murder; the rest, the ones who are still alive, are free men.

Drug trafficking had already infiltrated various strata of Mexican society, and violence had begun a frenzied spiral. The infighting among drug traffickers and their war against the Mexican state did not stop them from increasing their power. "Drug trafficking," a senior Army officer muttered a short while ago, "is a war that we have already lost."

Illicit drugs are being grown in more than 25 states around the country today, and estimates are that the various drug cartels have more than 2,000 clandestine runways. More seriously, however, drug trafficking has

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penetrated social structures (the peasants, out of hunger and despair, have replaced their natural crops with drug crops and infiltrated the highest levels of the Mexican Government, including the presidency of the republic.

The best documented case involved the assault on the Juarez cartel during Carlos Salinas de Gortari's administration. The director of the Investigations Center for National Security practically handed the president a diskette with the details of the investigation and the names of organization members. The big surprise came when the Office of the Attorney General of the Republic (PGR) seized some homes belonging to the now deceased chief of the Juarez cartel, Rafael Aguilar, and found a copy of the diskette of which they thought only an original existed.

There were not many leads to follow in investigating how a secret document for the president passed through so many hands, but neither drawers nor closets were opened in Los Pinos despite the existence of alarming reports. One of them came from the military intelligence service, the members of which had interviewed Joaquin "El Chapo" Guzman after the Guatemalan Army, alerted by the DEA [Drug Enforcement Administration], arrested him on Guatemalan soil some time after the murder of Archbishop Juan Jesus Posadas Ocampo in 1993. "El Chapo" identified two individuals who were involved with drug trafficking: a woman who worked at Los Pinos, very close to the president, and another woman who worked for the PGR, very close to then Attorney General Jorge Carpizo.

During his interrogation on the fight from Tapachula to the Federal District, Guzman said that both he and the Arellano Felix brothers, whom the government blamed for Posadas Ocampo's murder, had been tricked. "They held the knife to our throat," military personnel say he confided to his interrogators, "over the control of the drug routes."

This is precisely the big struggle that is being waged in Mexico: control of the drug trade routes. Various researchers are not unaware that whereas the cartels along the Pacific flourished under Miguel de la Madrid's administration, with governors of several states protecting them, Salinas de Gortari waged a fierce struggle against them, despite which the Juarez cartel first and most recently the Gulf cartel grew stronger.

But the concerns run deeper. Several files contain newspapers showing the then governor of Colima, Elias Zamora Verduzco, with Manuel Salcido, as he ushered him into local social functions. Salcido, better known as "El Cochiloco," had earned a reputation as one of the most violent lieutenants of the last great drug baron, Miguel Angel Feliz Gallardo, who was related by marriage to the former governor of Sinaloa, Antonio Toledo Corro.

Zamora Verduzco was one of the first people whom Luis Donaldo Colosio received as PRI's [Institutional Revolutionary Party] presidential candidate the morning after he was nominated, and their meeting only heightened suspicions in various offices that are combating drug trafficking. For example, when the head of the DEA office in Mexico was replaced, one of its main operations centered on how drug trafficking was trying to infiltrate Colosio's campaign. Colosio himself was not under any suspicion, but there were signs around him that caused eyebrows to rise.

Eduardo Valle, who was an adviser to prosecutors and investigated drug trafficking in Tamaulipas in depth, has spoken out about several episodes in which drug traffickers approached the Colosio campaign. They are not the only ones. There is an investigation that reveals how people close to Colosio were involved, directly or indirectly, in the murder of a young reporter. This murder has an unusual link to the slaughter that took place in Iguala in 1992 and that the police blame on "El Chapo" Guzman and Hector Luis "El Guero" Palma.

There are investigations, like this one, that remain open. Others are practically closed, such as the one into second-tier officials who have amassed huge fortunes or have received luxurious gifts of suspicious origin. And still others have been closed or put on ice before they got anywhere.

Ernesto Zedillo's administration is up against an enormous enemy and has a great many loose ends to tie up. It must do so, however, because drug trafficking is achieving its goal of gradually taking control of political structures to protect its economic interests. Successive Mexican governments, for unknown reasons or owing to their own weakness, have failed to move against politicians, businessmen, military personnel, and well known figures in other fields who have been shown to be involved in drug trafficking or about whom there are at least reasonable doubts.

If it fails to do so, however, the big loser will be Mexico. Colombia got to the point where 30 percent of the deputies owed their seats to drug trafficking. The drug traffickers even founded their own party with its own legislators, such as Pablo Escobar. There was a time when 80 percent of the Medellin police force was on its payroll, as the traffickers accumulated so much power that they declared war on the Colombian state and had presidential candidates and senior government officials assassinated.

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Early last year, Colombian officials recommended that the Salinas administration undertake a head-on struggle against the drug traffickers, a struggle that was, of course, going to cause some bloodshed. They recommended this before the assassination of Colosio, which dramatically recalled the slaying of Luis Galan in Colombia. The Salinas administration did nothing; its priorities lay elsewhere. But the Zedillo administration must reverse priorities and confront drug trafficking harshly. The longer it delays, the more bloodshed there will be. Of this there can be no doubt. It should not dismiss the Colombians' advice. They are quite familiar with this issue.

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Costa Rica

Figueres Sustains Head Injuries in Airplace Accident

PA2505154995 Mexico City NOTIMEX in Spanish 1509 GMT 25 May 95

[FBIS Translated Text] San Jose, 25 May (NOTIMEX) — Costa Rican President Jose Maria Figueres today sustained head injuries and a fractured leg in an airplane accident, according to preliminary official reports.

The president was en route to the Farming School of the Humid Tropical Region [Escuela de Agricultura de la Region del Tropico Humedo — EARTH] in Guacimo, 130 km east of San Jose, when for unknown reasons his airplane skidded on the school's runway.

Figueres was taken to Hospital Mexico in San Jose for medical treatment, as were the other passengers on the small airplane — apparently two presidency protocol officials and his bodyguard Armando D'Ambrossio.

The Public Security Ministry airplane, registered as MST-005, was piloted by Captain Adonis Jimenez.

Presidency Deputy Minister Alicia Fournier told reporters that the president is out of danger.

[Paris AFP in Spanish at 1513 GMT on 25 May, in a San Jose-datelined article of approximately 100 words, states that President Figueres was "brought to the hospital wearing a gas mask and on a stretcher, and that he was apparently unconscious," according to a local television station broadcast. The report adds that thus far Hospital Mexico Director Longino Soto has not provided any information on President Figueres' real condition.]

Doctor: Figueres Suffered No Serious Injuries

PA2505185695 Panama City ACAN in Spanish 1752 GMT 25 May 95

[FBIS Translated Excerpt] San Jose, 25 May (ACAN-EFE) — According to Costa Rican President Jose Maria Figueres' doctors, he suffered no fractures or injuries of importance in today's airplane accident in Guacimo, and he is recovering satisfactorily in a state-owned hospital in San Jose.

After running a series of tests, cardiologist Longino Soto Pacheco, head of the team of doctors treating the president on the seventh floor of Hospital Mexico, said: "we found no fractures or important injuries."

"There are bruises on one of his legs and on his lower back," said the specialist, who also denied that the 40-year old president had been unconscious.

Soto Pacheco recommended that the president remain in the hospital until Monday, and that he fulfill all of his presidential duties from the hospital, although he did not dismiss the possibility that the president may want to leave earlier to return to his normal duties.

"He is fully capable of exercising the presidency," said Soto, adding that he wants to keep Figueres under observation over the next 40 hours. [passage omitted]

Soto Pacheco, special projects minister and one of the country's leading cardiologists, described Figueres' condition as "a trauma in the lumbar region caused by the impact from the airplane's sudden stop, which sprained his neck muscles."

According to Soto Pacheco, the president was never unconscious, although he appeared to be, because he had been injected with morphine to ease the intense pain he suffered following the accident.

Figueres' accident took place at 0730 (1330 GMT) in Guacimo on Costa Rica's Caribbean coast. [passage omitted]

Figueres in Command of Faculties

PA2505191195 San Jose Radio Reloj in Spanish 1828 GMT 25 May 95

[Report by William Cespedes Chavarria]

[FBIS Translated Text] Herewith the first reaction of first Vice President Rodrigo Oreamuno Blanco to the situation stemming from the plane accident involving President Jose Maria Figueres. Oreamuno Blanco said the physical condition of the president is controlled. He summed up what Doctor Longino Soto Pacheco stated and said the president will continue to exercise his post, because he is in full command of all his normal mental faculties, as is established in the constitution.

[Begin Oreamuno recording] As you know, the president was involved in an accident today as the aircraft was landing on the runway. The president was scheduled to hold a breakfast meeting to discuss starch manufacture. The runway was damp, and the aircraft slid and skidded onto a gutter. The president sustained a blow and was transferred to San Jose.

I just spoke to Dr. Longino Soto who said he only sustained a blow and that his state of health is satisfactory. Obviously, he will be ordered to rest today and kept under observation possibly for one or two more days.

The good news is that in reality there has not been any fracture and that his state of health is totally satisfactory. The president is in command of all his faculties, and we will remain in contact in case it is necessary, but it is not necessary that I assume any of his functions. I will remain in contact with him and as I have told you.

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In the event the president wants me to take charge of any matter, I will do so with the promptness that I have always done. Also, if he wants me to fulfill any other activity, I will gladly do so. If there is a need, I can replace him or Second Vice President Rebeca Grynspan can also do so.

As you know, there was going to be an activity at the National Apprenticeship Institute; also there was a meeting of a branch of the National Liberation Party scheduled. We are going to review the agenda to see what matters requiring his presence will have to be canceled. In the other cases, either the ministers or I will be present. [end recording]

Civil Aviation Issues Bulletin on Accident

PA2505235495 Mexico City NOTIMEX in Spanish 2228 GMT 25 May 95

[FBIS Translated Text] San Jose, 25 May (NOTIMEX) — The General Civil Aviation Directorate (DGAC) of Costa Rica has announced that it is investigating the causes of the today's plane accident involving President Jose Maria Figueres, which occurred in the Atlantic region.

According to a DGAC press bulletin, experts from the Aircraft Accident Investigation Department collected all information required to provide a detailed report on the accident within the next 30 days. is out of danger at a hospital in the western part of the capital, flew on a light plane to the town of Guacimo, on the Atlantic province of Limon, for a working meeting this morning. [sentence as received]

The source reported that there was structural damage to the plane's three propellers, the main landing gear, the right wing, and the fuel tank.

The bulletin added that upon landing, the plane skidded off the runway and fell into a ditch almost 1 meter deep.

The Cessna Soloy plane, which belongs to the Public Security Ministry, registration No. MSP-005, landed on a private landing strip that is 70 meters long and 12 meters wide.

A communique from the Presidential House reports that the runway was damp, which could have made the small plane skid while turning.

Figueres was given emergency attention at Mexico Hospital in this capital. According to a medical report, he was struck in the back and on the extremities, and it has been recommended that he rest for approximately 48 hours.

The chief of state was going to the Farming School of the Humid Tropical Region to discuss plans for producing starch industrially from banana and cassava waste.

Local radio and television stations recalled that the 40-year-old Costa Rican head of state "had another scare" a few months ago when the same craft failed to take off from the runway and fell in the same ditch where it fell this Thursday.

Figueres Remains Under Observation

PA2605013095 Panama City ACAN in Spanish 0032 GMT 26 May 95

[FBIS Translated Excerpt] San Jose, 25 May (ACAN-EFE) — President Jose Maria Figueres, who today sustained several bruises in an airplane accident, must remain hospitalized under observation until Monday [29 May], although his condition is stable.

Several physicians visited Figueres this afternoon and performed several laboratory tests on him, including an ultrasound, an official communique stated. "His pulse, blood pressure, and temperature are being monitored. All the results have been normal," the communique noted.

Longino Soto, who heads the team of doctors caring for Figueres at the state-owned Mexico Hospital, said the president is being kept in the hospital to see how he progresses.

"He slept a few hours and woke up in an upbeat mood. He even made a few jokes," the physician stated. Soto is also the special projects minister and a very close friend of the Figueres family. [passage omitted]

El Salvador

Clandestine Group Issues Death Threat Against Deputies

PA2605034495 San Salvador LA PRENSA GRAFICA in Spanish 24 May 95 p 3a

[Report by Victor Pino]

[FBIS Translated Text] The members of the Legislative Assembly board, composed of different political parties, have received death threats from an armed clandestine group, which accused the legislators of being corrupt, Prosecutor General Romeo Melara Granillo announced yesterday.

The official claims to have received in his daily correspondence a communique containing a list of demands and a photograph of the legislative members.

The Provisional Anticriminal Executive Command (CEAT), together with the clandestine groups The New

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White Hand and the Black Shadow, has threatened to assassinate allegedly dangerous, corrupt, and criminal judges.

In response, Gloria Salguero Gross, president of the Legislative Branch, downplayed the communique, saying it will not be an obstacle to the work that is being carried out.

She explained, however, that some preventive measures will be taken, despite the fact that the threats "are not cause for concern."

Ana Guadalupe Martinez of the Democratic Party — in the process of being created — shared this opinion, noting that the threats are related to the debates over the past few days regarding the government's tax package.

The clandestine group states, among other things, that it knows of the existence of "corrupt" officials in the Prosecutor General's Office and in the Legislative Assembly, who "apparently do not do their job according to the law."

Legislators Miguel Espinal Lazo and Norma Guevara, of the Social Christian Renovation Movement and the FMLN [Farabundo Marti National Liberation Movement], termed as "a return to the past" any measure against the physical and moral integrity of their colleagues.

They agreed in noting that the threats are a desperate move by the enemies of peace, who are attempting to destabilize the situation and demoralize the people.

The deputies condemned the anonymous threats and rejected the charges leveled against them. The Legislative Assembly is guarded by agents of the division that protects personalities.

Last Thursday, at approximately 2130, unidentified persons launched a "Low" mortar against the government building that houses the Legislative Assembly and the Supreme Court. No organization has claimed responsibility for the shooting, and the police is continuing investigations.

Guatemala

Army Spokesman: U.S. Stands To Lose by Cutting Aid

PA2605033995 Guatemala City PRENSA LIBRE in Spanish 25 May 95 p 3

[FBIS Translated Text] The United States would end up losing if it cut counternarcotics aid, Colonel Morris Eugenio De Leon, chief of the Army Information and Press Department (DIDE), said when commenting on the bill sponsored by Representative Robert Torricelli.

Right now we are not receiving any U.S. aid, but it would be regrettable if all forms of assistance were suspended, he added.

According to the military officer, if Torricelli's initiative includes the elimination of U.S. aid to fight drugs, that country would lose because we would be unable to fight drug trafficking.

The United States is more interested in keeping drugs out, which is why it provides counternarcotics aid. That is why they would end up losing if they cut the aid, the officer concluded.

De Leon Announces Creation of Crisis Committee

PA2505121895 Guatemala City LA REPUBLICA in Spanish 24 May 95 p 31

[FBIS Translated Text] President Ramiro De Leon Carpio has acknowledged that a crisis committee has been created in his administration to provide him with the information he needs to execute his government policies.

He explained that the committee will be made up of the ministers of defense and foreign relations, the attorney general, the chief of staff, the presidential chief of staff, the director and deputy director of the Peace Commission, and other officials.

De Leon said this committee is the precursor to what will become the much questioned Inteiligence Ministry, if Congress approves its creation, as is expected by the central government despite some opposition in Congress.

The president added that this committee will have two levels. [sentence as published]

Immigration Cites Security Reasons for Passport Change

PA2505135795 Guatemala City SIGLO VEINTIUNO in Spanish 20 May 95 p 5

[FBIS Translated Text] Guillermo Alfonso Barillas Guerrero, general director of immigration, yesterday ackowledged that there is a concern among authorities about the little credibility that the national passports have in the United States and in some regions of Europe, as a result of the multiple forgeries uncovered.

He indicated that it is necessary to find a way to change the current passport for one that is more secure. This eventually would imply a rise in cost.

Barillas noted that, since passports are produced by National Typography, there is no efficient control. This results in many problems for Guatemalans, who

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are subject to rigorous examination at customs and immigration posts in other nations.

Barillas indicated that offers have been made by several nations to produce a more secure passport and that debates on this step have been held in Congress, since this would be a positive step.

He indicated that the majority of Guatemalan complaints come from Los Angeles, where not only is the examination of documents excessive, but also those who carry these passports are mistreated because of the suspicion that they are false.

He indicated that, beside the forgery of the corresponding numbers, there is a problem of so-called insertions — when a photograph is changed, for example. This has resulted in inconveniences in several European nations.

The official made reference to the case of a Cuban, for example, who entered the nation with forged signatures and seals, including the alleged authentications of the Foreign Relations Ministry. These practices, however, are being reduced due to the rigorous controls implemented.

He indicated that there is no prohibition for any foreigner entering the nation; however, it is necessary to inspect more carefully the visas for citizens from nations such as India, the People's Republic of China, Cuba, Ecuador, Peru, and the Dominican Republic.

It is necessary to verify certain aspects, such as their possession of a round trip ticket and other requirements that are contained in a study aimed at stopping those who wish to travel illegally to the United States.

Finally, he made reference to the difficulty that the patrols have in distant places where illegals enter — such as the border with El Salvador and Belize. He also referred to the problems caused by illegal aliens — of all nationalities — who are deported from Mexico to the border with Tecun Uman. The solution to this last problem, however, is being sought through a binational commission.

Nicaragua

Chamorro Sends Proposal to National Assembly

PA2405141195 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 23 May 95

["Proposal" sent by Nicaraguan President Violeta Chamorro to the National Assembly president; place and date not given; from the "National Newscast"]

[FBIS Translated Text]

Proposal:

Initial measures for the strengthening of mutual trust:

1. Agreement to maintain a high-level discussion in an atmosphere of mutual respect in search of a quick solution.

2. Permanent institutional exchange of information on matters of national interest.

3. Creation of the Supreme Electoral Council by means of concerted negotiations between the Executive and Legislative Branches according to the Electoral Law.

4. Recognition of the rulings handed down by the Supreme Court.

5. Suspension of all legislative activity on the reforms while they are not enacted and published.

6. Agreement between the Legislative and Executive Branches for the creation, modification, and elimination of taxes, always seeking a consensus among the branches of government before their respective approval.

7. Identification of the articles of the reforms in which there is a consensus and that do not require any negotiations for their implementation.

8. Both branches of government invite the Supreme Court to rule on the appeals that are still pending and that are related to the constitutional reforms.

Governability and stability agreement:

9. To sign a governability and stability agreement that includes a legislative agenda containing the following:

a. Interpretation, content, enactment, and permanence of constitutional reforms.

b. Electoral ethics code.

c. Expeditious approval of pending bills.

d. Approval of the labor and tax codes.

e. Commitment to economic and social stability.

Commitments:

10. The Executive Branch agrees to enact and publish the reforms based on the governability and stability agreement and the rulings handed down by the Supreme Court, once the existing prohibitions are lifted.

11. The National Assembly agrees to conduct its legislative duties based on the governability and stability agreement.

The president invites the National Assembly's board of directors to meet at La Unidad Hall on Wednesday, 23 May.

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National Assembly Accepts Proposal

PA2505152395 Managua BARRICADA in Spanish 24 May 95 p 2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] Parliamentary leaders decided last night to attend the political dialogue proposed by President Violeta Barrios [Chamorro]. The proposed dialogue is to reach agreements on government and national stability so as to end the institutional crisis in the country.

After meeting with parliamentary bloc leaders, Legislative President Luis Humberto Guzman reported that the Legislative Branch's counterproposal will be "thorough and complete and, if the executive has the political will, will resolve the national crisis in 48 or 72 hours."

On his part, Dr. Carlo Manuel Lopez, Christian Democratic Union, UDC, parliamentary bloc leader, pointed out that, in reality, the legislative counterproposal inverted the government's initiative and conditioned it to the recognition of the constitutional amendments's validity.

The core of the government proposal entails an agreement on government and stability that covers issues on interpretation, contents, date of enforcement, and permanence of the constitutional reforms; the expedite approval of an electoral ethics law and other pending laws such as the labor and tax laws; and a commitment on economic and social stability.

In its proposal, the government promises to promulgate and publish the Constitutional reforms according to the government and stability agreements and the rulings of the Supreme Court once the existent prohibitions are lifted.

The Assembly would have to promise to carry out its legislative work in the framework of the national government and stability agreements.

National Assembly President Luis Humberto Guzman asserted last night, that the presidential proposal was "very poor, but has prevailed because of national interest."

During the regular Chamber of Deputies plenary session held on 23 May, several radical parliamentarians, such as Alfredo Cesar, presented a motion to accept the presidential invitation to initiate a political dialogue starting today, "because of the critical situation and so that we not be blamed for the delay in reaching a political solution," Cesar stated.

Deputies Danilo Aguirre Solis and Luis Sanchez took a similar stance and said they believed the legislative had to attend the dialogue but insisting that the validity of the constitutional reforms be maintained as the priority issue.

Government Receives the Proposal

Reynaldo Antonio Tefel was one of the few deputies who said he is against holding a dialogue with the government because it was unacceptable for the negotiations to include a discussion "on eliminating presidential restraints from the reforms."

Meanwhile, Arnoldo Aleman for the Constitutional Liberal Party, PLC, Fabio Gadea for the Nicaraguan Resistance Party, and Adolfo Calero for the National Conservative Party presented to the executive and legislative, a proposal to resolve the national crisis that call for all government branches to suspend any action that will worsen the crisis.

After meeting with Guzman, Arnoldo Aleman told domestic reporters that the proposal presented by the three parties had been positively received and that they had suggested President Chamorro take the Supreme Court's ruling that invalidates the publication of the Constitutional reforms "as advice and not at a sentence."

Panama

Group Accuses FBI of Plotting To Kidnap Pedro Gonzalez

PA2605023095 Panama City Circuito RPC Television in Spanish 2300 GMT 25 May 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] The Pedro Miguel Gonzalez Solidarity Committee [Comite de Solidaridad con Pedro Miguel Gonzalez], formed in support of the man accused of killing U.S. soldier Zak Hernandez, has accused the FBI of planning to kidnap the son of Legislator Gerardo Gonzalez.

[Begin recording] [Unidentified reporter] According to the Solidarity Committee, these FBI officials are FBI mission chiefs (Fernando Candelaria) and (Angel Berengeri), who are in charge of the Miami headquarters. The Committee added that these agents intended to kidnap the legislator's son and extradite him to the United States.

[Committee Executive Secretary Carlos Nunez] Having confirmed the names and ranks of these official, as well as those of the other mercenaries involved, we are making this accusation public.

[Committee Chairman Ramiro Navarro] We will maintain a unflinching, aggressive, and militant attitude until

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we achieve our fundamental goal; that is, the release of Pedro Miguel Gonzalez.

[Reporter] The Solidarity Committee said it did not know if this action had been authorized by the highest authorities in Washington, but its members are alert to any attempt to ignore the legal sovereignty of the Panamanian state. [end recording]

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Argentina

'No Official Information' Identifying 1992 Embassy Bombers

PY2505181995 Buenos Aires TELAM in Spanish 1715 GMT 25 May 95

[FBIS Translated Text] Buenos Aires, 25 May (TELAM) — Interior Minister Carlos Corach and Israeli Ambassador Yitzhaq Aviran today stressed that they have no official information about the identification of three of the alleged perpetrators of the 17 March 1992 attack against the Israeli Embassy in Buenos Aires.

Corach and Aviran, who had participated in the Te Deum at the Cathedral, were asked by journalists about a report transmitted today by the Spanish news agency EFE out of Jerusalem that indicates that "three of the alleged perpetrators of the attack against the Israeli Embassy in Buenos Aires have been identified."

Corach said that "the only information that we have indicates that suspects have been under arrest in Paraguay for some time now, and up to the present time there is no official information" that those persons have been identified as the perpetrators of the attack.

Aviran stated that "we have no news about this, and as we have an ambassador in Paraguay we are going to contact him."

"We know that the Argentine Government is doing everything it can (to clear up the case), and I hope that we will know something in the short term," the ambassador said.

The minister reiterated that the seven persons under arrest in Paraguay "are suspects linked to Muslim fundamentalist organizations, and Argentina has asked for their extradition."

In this respect, Paraguayan Judge Jose Emilio Yaluk revealed that the extradition to Argentina of the seven Lebanese is now in the hands of the prosecutor general.

In a telephone chat with TELAM, the judge explained that as soon as the prosecutor "hands down his decision, the court has 10 days in which to hand down a sentence."

Yaluk indicated that as soon as he has the prosecutor general's decision he will "surely hand down his decision immediately."

The extradition of the Lebanese citizens was requested on behalf of Roberto Marquevich, the federal judge of San Isidro, who is investigating their links with the finding of two arsenals on islands in the Tigre River and the probable connection of those persons with the attacks against the AMIA [Argentine-Israeli Mutual Association] and the Israeli Embassy.

Asked about the EFE dispatch datelined Jerusalem, which indicates that $500,000 was deposited in a Paraguayan bank to bribe those who are charged with the custody of the Lebanese, Yaluk stressed: "I have no information about that."

Police Principal Superintendent Enrique Martinetti, chief of the Intelligence Department of the Paraguayan Police, told TELAM on 8 May that "Johnny Moraes Baalbaki, Luis Alberto Nader, and Mohammad Hassan Alavan belong to the Islamic extremist group Hezbollah."

Also lodged in Tacumbu Prison, in addition to the above mentioned Lebanese citizens, are Sergio Salem, Fadi Karim Checkair, Norberto Ribeiro Ruiz, and a woman, Vladerine Veira Ferguglia.

Germany Applies Pressure To Hinder Patents Bill

PY2505151795 Buenos Aires LA NACION in Spanish 24 May 95 p 6

[FBIS Translated Text] Germany has expressed concern over the possibility that the Chamber of Deputies will insist on the draft patents bill that was vetoed by the Executive Branch.

In a letter to Foreign Minister Guido Di Tella, with a copy to Economy Minister Domingo Cavallo, German Ambassador Wiegand Pabsch stresses: "The decision by the Senate of the Argentine Republic to reject the essential points of the presidential veto of the patents draft bill — which was approved by Congress — is causing great concern within the German industrial sector, which is represented in Argentina by numerous companies. The recent Senate decision has awoken concern that the Chamber of Deputies will ratify the draft bill, thus making it law."

German enterprises have important investments in the medicinal, electricity, banking, communications, and nuclear energy sectors.

The pressure being applied by Germany must be added to that of the United States, applied through Ambassador James Cheek, and some other European countries. After stressing that the bill approved by Congress contradicts the GATT charter, the German ambassador states, in a letter to which LA NACION had access: "My government asks me to express to your government its great concern over recent events and requests that you to transmit this concern to Congress."

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The diplomat warns that the approval of a law "that inefficiently guarantees intellectual property will influence investment decisions of German enterprises."

Interior Minister on Elections, Press Freedom, Opposition

PY2505142195 Buenos Aires LA NACION in Spanish 17 May 95 p 9

[Interview with Interior Minister Carlos Corach by Angel Vega and Mauricio Carini; place and date not given]

[FBIS Translated Text] [LA NACION] As interior minister, how do you evaluate the elections?

[Corach] I am very proud to be part of a government that has administered an election process like the one that has just concluded. I refer to the campaign; which was exemplary, serene, without incidents, and in which there was unrestricted freedom of the press and of demonstration. It was a demonstration of maturity and responsibility by Argentine society.

As a man of politics, I am comforted knowing that I am part of a movement, headed by President [Carlos] Menem, that after 6 years of unprecedented transformations achieved 50 percent of the vote.

[LA NACION] You mentioned unrestricted freedom of the press. How do you interpret the president's words when he said he had beaten the opposition and the media?

[Corach] I believe he referred to sectors of the media that did not agree — which is natural in any democratic system — with the government's opinion and the presidential reelection.

No contradictory conclusion regarding the freedom of the press can be construed from the president's words. He has respected freedom of the press during his 6 years of government. I do not believe this is a special merit of any one government because it just strictly complies with the Constitution. We want restrictions to be kept to a minimum.

[LA NACION] What will the government do now with the Barra or gag Law?

[Corach] That draft has been withdrawn from Congress and there is no intention of resubmitting it.

[LA NACION] And the incident with the lady reporter from CNN?

[Corach] It was a minor incident. On the night of victory, after the news conference and the Plaza de Mayo address, and out of respect for that news network, the president granted 5 or 6 minutes to the lady, which became 25 minutes, thus showing deference.

You must take into account that it had been an exhausting day, a day of emotions at Government House. This lady made some remarks against Argentines; I believe she called them arrogant. This created a climate that was not very cordial for an interview.

[LA NACION] Can the strong support the government received lead it to seek hegemony?

[Corach] No. Menem received 50 percent, why should he change. A lot of attention should be paid to his most recent television address. He said his first administration sought to change society, while his second administration will seek to improve society. This is a key to the future: Social justice. He also came out with another paradigm: I will crush unemployment, which is the current scourge — and which also happens to be a worldwide ailment — just as I crushed inflation, which was the most important scourge we inherited in 1989.

[LA NACION] What kind of opposition do you foresee?

[Corach] I believe the opposition must be evaluated from two viewpoints. From the numerical viewpoint with election percentages, and from the institutional viewpoint. From this viewpoint the UCR [Radical Civic Union] continues to be the main opposition force due to the number of deputies, senators, governors, and mayors it has throughout the country. But, the FrePaSo [Front for a Country in Solidarity] has strongly appeared on the stage and, although it is now only an alliance, it is an incipient political grouping and its development must be carefully evaluated.

[LA NACION] With victory in hand, will you accelerate the autonomy of Buenos Aires City and the election of its mayor?

[Corach] We will now expedite, within the constitutional schedule, the debate in Congress of a law to establish what the nation will entrust to the capital.

[LA NACION] But Congress does not have the time to approve it; the Constitution will not be complied with...

[Corach] The executive branch strictly follow the regulations; you can believe that.

[LA NACION] Will the third senator [for the city of Buenos Aires] be elected at the same time as the mayor?

[Corach] Of course. If Congress approves the law between May and June, then the body that will draft the city's statutes can be elected in August and the mayor in November.

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Postelection Political Scenario Viewed

95SM0341A Buenos Aires CLARIN in Spanish
15 May 95 pp 16-17

Article by Eduardo van der Kooy: "With Free Hands"]

[FBIS Translated Text] Perhaps not even Carlos Menem himself imagined that the scenario would end this way. After six years of very complicated government administration (during which the economic stability provided cover for everything that might have been objected to), the president was in the end reelected with popular support similar to what he had obtained in 1989, when he took up residency in the Casa Rosada in the midst of the worst economic crisis Argentina had experienced in this century.

It might be argued that the notable polarization that characterized the elections held yesterday helped the candidate of the government party to do as well as he did. But it is equally certain that this phenomenon also gave decisive impetus to Jose Octavio Bordon, reducing the figures for the Radical Civic Union (UCR) to an unprecedented low level.

Society itself undertook to resolve the dilemma posed by an electoral system organized during the constitutional reform. The first round very nearly had the effect of a second round.

Never before has President Menem seemed to have been left with his hands as free to do and undo what he chooses as is now the case. The votes cast on Sunday could well be interpreted as a kind of plebiscite on what has been done up to the present, and a clear endorsement for a further advance along the same path.

Menem refused to designate the members of his future cabinet during the electoral campaign, knowing that this might impose unacceptable restrictions on his choices. Underlying the discussions, pro and con, of various possibilities lay the need to negotiate with two of the men who made decisive contributions to his political platform—Eduardo Duhalde in the Province of Buenos Aires and Domingo Cavallo at the Ministry of Economy.

It cannot be said that he will be able to pursue comfortable relationships with both men from now on. Again, as in previous elections, Duhalde brought him a substantial number of votes, but the difference previously anticipated between the votes cast for the president and those cast for the governor of Buenos Aires failed to materialize. Even so, the portion of votes won in the district doubled, reaching 10 points.

Nor is it possible to deny the influence exerted on society—beyond the problems that leap to the eye—by the stability achieved by Cavallo beginning in 1991. The government struck the right note in the final segment of the electoral campaign when it reminded the citizens of Argentina of the periods of hyperinflation and revealed the weakest aspects of Senator Bordon's front.

But as has happened so many times before, it will be Menem, rather than the governor or the minister, who will be able to make political capital of the support won yesterday.

The president not only feared the possibility of a second round but was also concerned about a narrow victory that could be interpreted as a sign of weakness.

He will have to head the government for another four and a half years in the practical certainty—this last word is never used alone—that he will have to leave the Casa Rosada in 1999.

If the natural struggle for the privilege of succeeding him were to begin soon, he would be likely to see his power begin to dwindle halfway through his second term. For the time being, on the other hand, he seems to be in a position to control the ambitions of those who would be his heirs.

It would be dangerous to assume that Argentina is witnessing the last days of the traditional two-party system represented by the Peronists and the Radicals since the mid-1940's.

Despite the obvious debacle, the Radical Civic Union has shown some signs of life. It is true that its parliamentary representation has been reduced, but it did at least retain control of three provinces (Chubut, Cordoba, and Catamarca), and it fought to the end to win in Misiones and to avoid surrendering Rio Negro.

However, there is without a doubt a new force that will now play a role in this scenario. The emergence of the Great Front in the elections for the representatives to the Constituent Assembly in April of last year was more than consolidated with Bordon's candidacy yesterday.

Another factor has to do with the political identity of the opposing parties. The government party and the principal opposition party born on Sunday have some characteristics in common. The Peronist history in the lives of Bordon and Chacho Alvarez cannot been be ignored.

In connection with the opposition, according to the available data, there may be a paradox. The party with the fewest votes will enjoy greater institutional prominence than that anointed by a portion of society to confront the government.

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The front will not have the pleasure of sharing government power without discussion. Menem's gale-force efforts are doing battle for every square foot of Mendoza, where the Bordon faction has wagered everything on its alliance with the Radicals and the gubernatorial candidacy of Victor Fayad.

We will have to wait and see, then, how this opposition mosaic develops. At the outset, there is every indication that any individual political venture would be an obstacle that a government that was strengthened yesterday could easily overcome.

In this connection, both Bordon and the Radicals have an arduous task ahead of them. The emergence on the scene of the senator from Mendoza merits some notice. He threw his hat into the ring last 26 February—less than three months ago—when he defeated Chacho Alvarez in the internal election. And he swept along with him 34 percent of the national votes—a great many more, in fact, than the front won in the gubernatorial contests and in the battle for congressional seats.

There were significant data that may also have become the only factor capable of putting something of a damper on the celebrations under way in Menem's circle. The front won again in the federal capital, as it had in the April 1994 elections. This confirmed the impression—somewhat weakened when Erman Gonzalez prevailed in the 1993 legislative elections—that the government faces impassioned resistance there.

It is also true that the government party gained more strength in this district yesterday than was anticipated on the basis of the polarization that had occurred.

A key election remains to be decided in this regard. The new intendant will have to be elected this year by direct vote, and it does not seem that everyone is behind the government.

The other alarm signal may have sounded in Santa Fe, which is certainly the province with the strongest Peronist tradition.

The election there developed on a head-to-head basis, although the partial returns show a difference in favor of Menem.

The front leader achieved a decisive lead in Rosario, and this does not appear to have been an accident. A cordon characterized by the highest unemployment rate in Argentina has developed around the country's second largest city.

Both these factors would justify government concern about an obvious vote in protest against one of the effects of the convertibility plan in a territory that has historically been its own.

We will now have to wait and see how Bordon manages to keep such diverse political interests together within the front and to retain the volume of votes that he received in large part as a loan.

This will depend on his own skill, and, certainly, on the capacity evidenced by the Radicals to rise above the worst election in their history. The greater part of the defections from the UCR moved in the direction of the UCR.

The drama experienced by the Radicals is truly revealed by the figures. There is no need to go back to 1983, when Alfonsin won with 51 percent of the votes, of which the majority subsequently reverted to the Peronist sector.

More recent history graphically illustrates the decline. Plagued by the economic crisis, Eduardo Angeloz, the candidate of the government party at that time, won 38 percent of the votes.

Forced into an opposition corner and engaged in an effort to monitor the Menem camp, the Radical Civic Union retained 30 percent of the votes until the legislative elections in 1993. Its rapprochement with Peronism through the Olivos pact, which paved the way for the constitutional reform and the reelection of Menem, proved to be a disastrous move. The party dropped to 20 percent in the election of Constituent Assembly representatives, and just yesterday it lost about six further points.

At this point, the Radicals cannot merely speculate about the intrinsic weaknesses of the front with a view to launching its reorganization. They must first determine what their attitude toward the government will be, must reconcile the disparate ideas, and must regain society's trust.

The possibility of a second round may perhaps have forced the Radicals to produce some definitions, although the broad triumph of the government yesterday might put them on hold again. The course that Alfonsin and Angeloz planned to pursue in this regard is well-known, as is the path Federico Storani, Fernando de la Rua, and Juan Manuel Casella were prepared to pursue.

On Friday morning, having perhaps a premonition of disaster, Alfonsin met with Storani in order to avoid encountering the Radicals plunged into a verbal battle on Sunday evening.

During that meeting, the former president spoke about his withdrawal, possibly beginning with a lengthy European trip, and of the intention of Angeloz not to attempt to assume leadership of the national committee under the present conditions.

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At least up until last night, the truce had produced an effect—the leaders of the UCR had withdrawn in silence. However, because of the dimensions of the defeat, a major crisis might erupt in the coming hours.

Positive Domestic Impact of World Economy Seen

95SM0342A Buenos Aires (Internet) Argentina Gopher in Spanish 16 May 95

[Article from EL CRONISTA COMERCIAL by Daniel Naszewski: "Present World Economy Benefits Cavallo"]

[FBIS Translated Text] Now that the political horizon has cleared and there are no preelectoral syndromes or second rounds pending, the task of the economic team is to convert the vicious finance-real economy cycle that began with the Mexican crisis into a virtuous cycle. The previous sequence was "mistrust—flight of deposits and reserves—suspension of decisions until 15 May—shrinkage of credit and domestic consumption—ferocious economic retraction—drop in fiscal funds collected." The future sequence should follow the exact same path in reverse.

Just as 1994 was characterized by a flood of bad economic news after Alan Greenspan pushed rates up, 1995 seems characterized by some factors on the international scene that will be more favorable for Argentina.

The first one is, precisely, the arrest of the bullish escalation of interest rates in the United States, which has seemed in recent weeks to be confirmed by the drop in the long-term rates for Treasury bonds, which might augur some reversal and a possible reduction in the short-term rates. Even so, close attention should continue to be paid to this factor. The slowdown in the economic activity in the United States might initiate such a decline, but certain fears of inflation in commodity and retail prices there might work in the opposite direction. Moreover, some analysts maintain that the drastic drop of the dollar against the mark and the yen in recent months is yet another reason for avoiding a rate reduction that might further weaken the dollar. At least the 1994 increase in rates seems to have stabilized, and this will have an impact in several ways. First, it will mean no further increase in the cost of servicing the Argentine debt, and second, it will make the return of the capital that fled the country more likely.

The second favorable factor is the aforementioned trend in the prices of a good proportion of the products Argentina exports. Just as the prices of grains, oleaginous products, cotton, hides, and wool have improved, or are improving, this is also true, to a lesser extent, of the prices of manufactured goods made of aluminum, iron and steel, as well as others. The IMF [International Monetary Fund] projections indicate that these prices will remain stable at the level of these recent months, if not higher, until the end of the century. This means that the improvement seen will continue, and, indirectly, guarantees that the terms of trade will continue to become more favorable for Argentina.

The third positive factor is the sustained increase in foreign trade in 1994, which is expected to continue throughout 1995. The imports made by the industrialized countries showed a nominal increase of 13 percent last year, and this explains, in part, the improvement in Argentine exports. This, added to the almost unprecedented consumption boom seen in Brazil since the Real Plan was launched, justifies the expectation that Argentine foreign demand will remain robust, so that the improved trade balance can be kept near equilibrium, even with this import level, which is not by any means low ($1.7 billion per month). But perhaps the most important factor that will be advantageous to Argentina in the future is the fact that productivity has increased and is continuing to increase, in the rural sector as well as in industry and services. The conversion effort promoted by the economic management as a goal in order to become more competitive in the foreign markets without using devaluation as a magic formula is finally bearing fruit. This is why Cavallo could avoid devaluation despite the Mexican crisis. And this resistance to the pressures to devalue, trite though it is to say it, is what won the elections for Menem-Cavallo.

Painful Economic Adjustment Forecast

95SM0342B Buenos Aires (Internet) Argentina Gopher in Spanish 16 May 95

[Article from EL CRONISTA COMERCIAL by Roberto Cachanosky: "The Time for Serious Adjustment Has Come"]

[FBIS Translated Text] At the beginning of March, when the financial crisis had reached its peak and the flight of capital was accelerating, the period of time until 14 May seemed an eternity, from the point of view of keeping the peso at one dollar. Sustaining exchange parity during a crisis growing more acute with every passing day, and with 60 days remaining before the elections—this was a mission impossible. However, 14 May arrived with the peso at one dollar, but with a substantially reduced conversion capacity and the field muddied, as Miguel Angel Broda put it so aptly in his commentary in EL CRONISTA on Monday, 15 May.

Why has convertibility deteriorated? Because as 14 May approached, there were concealed problems, including those in the financial system and those with the provinces. The special assistance provided to the

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provinces in recent weeks in order to avoid social clashes prior to the elections and the postponement of corrections in the financial system until after the elections had a cost. And the price to be paid was the lack of sufficient gold and foreign-exchange reserves to cover the money in circulation. In other words, it became clear that no convertibility system is in effect in Argentina. What there is instead is a fixed rate-of-exchange scheme with an active monetary policy. And as these two things are irreconcilable, it will now definitely be necessary to face up to the cost of this incompatibility. Put in another way, the very special adjustment we had in 1991-94, when the economy reacted with record sales of automobiles, freezers, televisions, and audio equipment, with public expenditures doubling and the finances of the provinces in constant imbalance, was very mild in terms of the reality. If that is adjustment, long live adjustment! What must be made clear is that the international financial market conditions have changed substantially, and this adjustment is no longer effective. And also, the problems that were kept hidden until after the elections (those pertaining to the provinces and the financial system, to cite just two examples) can no longer be concealed without running the risk of ending up with a fixed rate of exchange.

My impression is that we will now have serious adjustment. Not the sweet-flavored kind seen in the 1991-94 period, but an adjustment characterized by reduced consumption and the downsizing of the national, provincial, and municipal bureaucracies. Why must the adjustment come just now? Because the government has essentially exhausted its sources of financing. The hope of incurring domestic and/or foreign debt in order to continue spending appears to be a utopian dream given, this financial context. Greater fiscal pressure is not a viable option if what is wanted is to increase the productivity of the economy. The possibility of monetary expansion without the corresponding reserves also has its limits, because the ratio of monetary reserves to the monetary base has deteriorated too much to allow the continuation of an active monetary policy with a fixed rate of exchange. The only choice remaining is to obtain some cash income from privatizations, but this will not be overly productive, either.

With the doubts about a second round dispelled, and if Menem remains in office, the question still with us now is whether the adjustment will be effected in an orderly fashion. In other words, will the government carry it forward, or will the market once again have to remind us that one can do anything in economics except avoid paying the price for the celebrations?

Bolivia

U.S. Sanctions Due to Intellectual 'Piracy' Ruled Out

PY2605005995 La Paz PRESENCIA in Spanish 5 May 95 p 1

[FBIS Translated Text] National Culture Secretary Alberto Bailey on 4 May ruled out possible U.S. commercial sanctions against our country because of the high rate of intellectual and artistic piracy prevailing in the country which undermines U.S. economic interestr

A special U.S. commission that visited the country a few weeks ago reportedly made some recommendations to the Bolivian Government to implement measures to protect intellectual property rights, namely, in the case of videos and the rights for programs and movies that are shown on television.

Bailey said: "The U.S. delegation had only called our attention to this, because it has recognized the legal progress achieved in the country for the protection of intellectual and artistic rights through the Copyright Law (of April 1992) and the promulgation of the law in December 1994."

In an interview granted to PRESENCIA, Bailey said that internationally, the country is a signatory of such international agreements for the protection of intellectual properties and copyrights as those of Bern and Rome, approved by laws 1,439 and 1,476, respectively, in addition to Decision 351 of the Cartagena Agreement.

The million-dollar losses suffered by U.S. industry through piracy involving movies and videos, computer software, and copying of books and cassettes have led the U.S. Senate to approve Ammendment 301 so as to reaffirm the government's obligation to defend U.S. intellectual property rights and impose sanctions on those countries that do not respect copyrights.

For the U.S. Administration, however, concerning the piracy issue, Bolivia is reportedly on a second level, after Brazil, the European Union, Japan, Greece, Saudi Arabia, Turkey, Korea, and India, which are the countries considered of urgent priority, against which some form of commercial reprisal will be taken.

Through a commission made up of representatives of the ministries of foreign affairs, justice, and finance, and in coordination with the National Culture Secretariat, the Bolivian Government has been working with a group of legal advisers to supplement some limitations in the Copyright Law and in its regulation.

It also seeks to fill in some gaps in other laws, such as that on telecommunications and the law on television,

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in order to better control production, distribution, and marketing of materials for which the appropriate rights have not been paid, Bailey explained.

He added that international seminars sponsored by WIPO [World Intellectual Property Organization] and UNESCO have been prepared for the months of June and November, and that they are directed toward judges, attorneys, policemen, and lawyers, to explain the scope and characteristics of the Copyright Law.

Brazil

Replan, Other Army-Occupied Plants Resume Production

PY2505190595 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 25 May 95

[FBIS Translated Text] The Brazilian Petroleum Corporation [Petrobras] has announced that Replan — the largest oil refinery in Brazil, which is located in Paulinia, 114 km from Sao Paulo — has resumed production, and is now working at 50 percent of normal capacity. The oil workers strike is today entering its 23d day. Reporter Britto Junior has the following live report from Paulinia:

[Begin recording] According to Replan superintendency sources, the refinery resumed operations at noon today upon the return of eight staff members and nearly 40 workers who put one of the distilling units into operation, which would be enough to enable the plant to reach up to 50 percent of its normal production of gasoline and diesel oil.

Army troops continue to occupy the plant. There was tension here early this morning when some strikers attempted to inspect the cargo of a truck entering the plant. Although the troops did not let them do that, there was no violence.

The Oil Workers Federation deems it dangerous to resume production with few personnel, yet the Replan executives gave assurances that there is no risk in doing this. [end recording]

Production has also been resumed at the other two refineries occupied by the Army in Sao Paulo. The Henrique Lage refinery of Sao Jose dos Campos is operating at 80 percent of capacity.

Sixty workers who did not join the strike resumed partial production of naphtha to produce gasoline, diesel oil, and fuel oil at the Capuava refinery of Maua, in the greater Sao Paulo area. Production of gasoline and cooking gas is expected to resume tomorrow.

Petrobras officials and strikers are negotiating at the Cubatao refinery — which is located 50 km from Sao Paulo, and has not been occupied by the Army — the resumption of the pumping of natural gas from the Merluza platform which has not been operating for the past three days. The oil workers want to pump at 30 percent of the platform's capacity while Petrobras wants the platform to operate at full capacity.

The rationing of cooking gas, gasoline, and diesel oil has begun in the state of Parana. Petrobras has announced that it had reduced by 40 percent the pumping of fuel from the port of Paranagua to the Araucaria refinery, which is located in the metropolitan area of Curitiba.

Due to the rationing, tank trucks were unable to fill their tanks. Military police personnel are guarding the Araucaria refinery. Twenty-one oil workers have worked for over 30 years in technical maintenance inside the plant. A group of workers is being trained to operate the machines and resume production.

Army Reports 'Total Normalcy' in Occupied Refineries

PY2605021395 Sao Paulo AGENCIA ESTADO in Portuguese 2151 GMT 25 May 95

[Report by Ayrton Centeno]

[FBIS Translated Text] Porto Alegre, 25 May (AE) — The situation in the four Petrobras [Brazilian Petroleum Corporation] refineries occupied by the military is one of "total normalcy," according to the evaluation made today by the head of the Army Social Communication Center [Cecomsex], General Romulo Bini Pereira. Army Minister General Zenildo de Lucena is following the situation from Porto Alegre, where he is attending a high command meeting that will end tomorrow. "He receives information every two hours," said Pereira.

The Cecomsex chief reasserted that at present, there are no plans to intervene in other Petrobras refineries. [passage omitted]

Spokesman Says Operations Resumed at 10 Refineries

PY2605023195 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 25 May 95

[FBIS Translated Text] Ten of the 11 Petrobras [Brazilian Petroleum Corporation] refineries have resumed operations. Presidential spokesman Sergio Amaral said on 25 May that the president expressed satisfaction at the latest figures on the oil workers' strike. According to Amaral, only operations at the refinery in Cubatao, Sao Paulo, remain at a standstill. The Duque de Caxias refinery in Rio de Janeiro resumed operations today. This means that production now stands at 50 percent capacity with the refining of 650,000 barrels of oil per day.

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Amaral said that Petrobras is ready to resume negotiations with the oil workers.

[Begin Amaral recording] The strike is clearly declining. Today the president received the report with production figures with great satisfaction, as he noted that the oil workers are demonstrating public spirit and attending to the government's appeal. The president reiterated the administration's willingness to establish a dialogue or understanding, and said that Petrobras is ready to resume the dialogue with the oil workers as soon as they obey the court decision. [end recording]

Marines Occupy Port of Rio To Search for Arms, Drugs

PY2505191995 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 25 May 95

[FBIS Translated Text] Brazilian marines today occupied the port of Rio de Janeiro in an operation designed to search for drugs, arms, and smuggled goods. Containers and ships are being searched. The marines are giving support to a combined operation by the Federal Police [PF] and Federal Revenue Secretariat [SRF] inspectors.

The troops arrived at the port at 0400 this morning. A thousand marines arrived in a motorcade of jeeps and trucks. Armed with light automatic rifles, they spread out through the port area. Arriving workers were asked to show identification papers.

By dawn the marines had already taken up positions at all entry points, all empty lots, and all of the warehouses throughout an area of seven kilometers in the port of Rio de Janeiro.

PF and SRF personnel arrived at 0600. As the marines guarded the operation, the policemen used trained dogs to search warehouses looking for smuggled arms and drugs. Not even trucks carrying imported cars were allowed to leave the port. The operation has gone as far as the Bay of Guanabara. Navy ships are stopping and checking small boats carrying food to the ships. The PF, SRF, and marines also searched ships that were awaiting to dock. This has been the first major joint action taken during the Rio-2 Operation. PF investigations have shown that the port of Rio de Janeiro is a gateway for arms and drugs bound for the Rio shantytowns.

Government Defines New Rules for Farming Loans

PY2605024095 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 25 May 95

[FBIS Translated Excerpt] Farming loans above 30,000 reals [R] will pay a fixed interest rate of 16 percent per year. This new policy was defined today during a meeting in Planalto Palace between President Fernando Henrique Cardoso, the government economic team, and representatives from the congressional ruralist bloc. During the negotiations, the government wanted to establish an 18 percent interest rate, while the congressmen wanted 12 percent per year. The overdue farming debts and the loans above R150,000 must still be negotiated.

The 16 percent interest rate is valid for loans ranging between R30,000 and R150,000 for six products: rice, beans, corn, manioc, wheat, and cotton. Soybean was not included because there are foreign resources available to finance this crop. Loans below R30,000 will be tied to the minimum price of the crop that will be planted. In addition to this, the government will create a rotary fund for small farmers' investments. [recorded passage omitted]

ESCA To Remain as Sivam Contractor With Company Inepar

PY2505160595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 May 95 p 5

[Article by Leandro Fortes]

[FBIS Translated Text] Brasilia — The Cardoso administration decided already last week that ESCA [Automation and Control Systems Engineering] — the company chosen to manage the Amazon Regional Surveillance System (Sivam) that has been charged with defrauding the National Social Security Institute [INSS] — will continue to take part in the project, although associated with the Parana Electromechanical Industry (Inepar), as JORNAL DO BRASIL reported earlier. According to the Aeronautics Ministry, a contract for purchasing equipment for Sivam (radars, sensors, and telecommunications equipment) will be immediately signed with the U.S. company Raytheon as soon as the ESCA-Inepar consortium finalized.

The above decision has not yet been announced because the administration wanted to wait for yesterday's vote on the report prepared by Deputy Luciano Pizzato (PFL-PR) [Liberal Front Party-Parana State] on the subject. Through the agreement with Inepar, which is scheduled to be finalized this weekend, ESCA will obtain additional resources and will be able to pay the remaining 4.8 million reals [R] of its original R7.8 million debt to the INSS.

Endorsed by the Strategic Affairs Secretariat (SAE) and by the Sivam Coordination Committee (CCSivam), the Inepar-ESCA deal will permit the use of more than 200 engineers working for ESCA, whose know-how in the area remains unchallenged. Furthermore, the deal will spare the administration from the need to obtain another

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congressional resolution for Sivam, which would be necessary if ESCA were formally excluded from the project.

Presidential spokesman Sergio Amaral confirmed yesterday that ESCA stocks may in fact be transferred to another company "provided that this is a qualified company." Amaral said this transfer would be an ideal solution to make the Sivam project — which is estimated at R1.4 billion — feasible and to preserve ESCA's "technological know-how."

Chile

President Frei on Modernization, Populist Measures

PY2605003695 Santiago LA TERCERA DE LA HORA in Spanish 14 May 95 p 4

[Unattributed commentary: "Populism Rejected"]

[FBIS Translated Text] Statements abounded during President Frei's visit to Padre Hurtado, where he dedicated a health clinic. Among the many subjects discussed by the president, three are of particular importance because they reflect the government's basic philosphy. About modernization, a much-discussed concept currently, he said: "Some confuse modernization with privatization. Others confuse modernization with acquiring hundreds of computers. To modernize is to place the government at the service of the people. This is what we are doing with education and housing."

It is obvious that the president is right whenever modernization is viewed with open and long-term criteria. It is impossible to speak of modernization if poverty is not defeated, if the people have no access to justice, if there are no schools for all, if health care is denied to those who lack the means to pay for it.

In this context, modernization is tantamount to democracy.

In response to those who criticize the bill to privatize sanitary companies, he said: "We made this decision because we want all Chileans to have access to running water and sewage systems." To erase any doubts about his intention to continue privatizing whatever can be privatized, he added that new announcements to this effect will be made within the next few days, particularly regarding ports, airports and railroads.

Lastly, he was emphatic in saying that neither him nor his finance minister will adopt populist measures. He said: "It is very easy to say yes to whatever is requested. But if we do this, we will be facing rampant inflation in the near future." The president has sent very clear signals to the people: Power is exercised for no other reason than to help people. The privatization process will continue, precisely so that the government can create resources for social programs. More importantly, requests will be met in a realistic manner by relying on available resources and disdaining the populists' siren songs.

Defense Minister: Ruling on Letelier Case To Be Respected

PY2605042395 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 26 May 95

[FBIS Translated Excerpt] On 25 May, the defense minister said that all sectors of the country — including the Army — have asserted that they will abide by the Supreme Court ruling on the Letelier case.

[Begin recording] [Unidentified reporter] The normal expectations concerning the Letelier and Soria cases that have arisen at the courthouse were compounded today by a bomb threat on the premises, which turned out to be a false alarm. One thing is certain — over the last few days, Army members have received numerous anonymous calls and concrete threats both from extreme right and extreme left groups. Activities at the Army headquarters, however, have returned to normal following days of intense meetings.

The defense minister took the opportunity to break his silence. For the first time, he commented on the meetings held by Army generals and on the opinions voiced by some generals regarding the concern and malaise within the Army on the eve of the ruling on the Letelier case. He said:

[Defense Minister Edmundo Perez Yoma] We have witnessed all sorts of feelings surrounding this case, oscillating from concern to anxiety, to malaise. Still, there is only one thing that counts — everybody has finally said that no matter what the ruling is, it will be respected.

[Reporter] Perez Yoma stated that in light of the fact that the Letelier case gave rise to such a delicate situation, it is absolutely normal that generals should meet to discuss it. He noted that they have so far acted with great maturity, and that they will continue to do so. The defense minister totally ruled out the possibility that the Army will take any sort of action in the event General Manuel Contreras, retired, is found guilty. He said:

[Perez Yoma] This is by no means a problem in civil-military relations. What we are talking about is a ruling by an independent branch of government, which must be observed. To that effect, there is nobody more respectful to the law than our Armed Forces. We have no doubt

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whatsoever that there will be no action such as you are hinting at. [passage omitted] [end recording]

Colombia

Samper Proposes Alternate Economic Development Model

PA2605035295 Madrid EFE in Spanish 2016 GMT 23 May 95

[FBIS Translated Text] Santa Fe de Bogota, 23 May (EFE) — Colombian President Ernesto Samper said today that only development models that are different from Washington's recipes and from the recent neoliberal model can guarantee a favorable and sustainable growth in the long run.

"We believe it is necessary to come up with an alternative development model," Samper told those attending a meeting of the Latin American Economic System (SELA) convened in Santa Fe de Bogota to draft a regional counterproposal to the initiative presented by the Group of Seven (G-7), comprising the seven most industrialized nations, to redefine the institutional framework of international macroeconomics.

The president said that this alternative must be an option when dealing with old protectionist practices but also when facing neoliberal practices implemented in the last few years.

According to Samper, the cases of Mexico and Venezuela, which are oil-exporting countries that were granted cheap loans; Brazil, which decided to finance its development with foreign credit; and Argentina and Chile, which sought to move ahead by strengthening their internal economic model, shows the diversity of the crises that have emerged in the region, but also the failure of the economic adjustment programs that have been adopted.

"A paradoxical but true conclusion is that the higher their degree of adaptation to solutions recommended from abroad and to currents of thought was, the greater their economies were upset," he noted.

Samper added that the alternative model must also promote the development of markets although responsibility must be demanded from those with the means of production.

Likewise, this model must give rise to a new citizen and state, the Colombian president said while speaking during the opening of the SELA conference, which started today and will end Wednesday, 24 May, and which will gather delegates from the 27 member countries in Santa Fe de Bogota.

According to Samper, Colombia like other countries of the region, has already entered into a second phase of economic opening, which will allow the country to correct the problems caused by neoliberalism.

"We come from the cold neoliberal model, which gave the apparently infallible market forces regulations that ended up creating deep social and production imbalances," the president said to emphasise that this new economic opening phase is more humane, more agricultural, more selective, more gradual, more competitive, and more sovereign.

According to the Colombian president, today's challenge is to ensure a reactivation of exports by means of adjustments in the exchange rate instead of the previous utilization of imports as an anti-inflation mechanism.

Cali Cartel Capos To Surrender, Offer $10 Million

PA2505192995 Madrid EFE in Spanish 1701 GMT 25 May 95

[FBIS Translated Text] Santa Fe de Bogota, 25 May (EFE) — Brothers Gilberto and Miguel Rodriguez Orejuela, regarded as the Cali Cartel mafia bosses, are willing to surrender and compensate the country with some $10 million, several Colombian newspapers reported today.

According to the Rodriguez Orejuela brothers and other Cali Cartel capos, held responsible for smuggling 80 percent of the cocaine consumed in the United States, one of the conditions for their surrender is that they would not be sent to Palmira prison near Cali.

The mafia capos' lawyers told the authorities that the defendants want to "resolve their legal situation by surrendering and confessing," some newspapers reported.

The QAP television newscast also reported that the Rodriguez Orejuela brothers are also "willing to disclose the names of the personalities with whom they have links" in the country.

In addition, the wanted capos are willing to give up "their properties, cocaine-processing laboratories, and landing strips, as well as supply information about some 2,000 people who also make a living from drug trafficking" in Valle del Cauca department, whose capital is Cali.

Prosecutor General Alfonso Valdivieso Sarmiento, asked by some newsmen, has insisted that the mafia capos "have not demonstrated" their true desire to surrender to the administration of justice.

Valdivieso said that the fact that some lawyers have gotten in touch with his officials does not necessarily

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mean that the capos' eventual voluntary surrender has been discussed.

'War of Nerves' in Cali Described

95CA0232A Santa Fe de Bogota CAMBIO 16 in Spanish 15 May 95 pp 12-15

[Article by Maria Cristina Caballero: "Cali is Burning"]

[FBIS Translated Text] Cali—The tension became patent last week in formerly fun-loving Cali. Patent and pathetic. "Red beret" commandos from the army special forces were stationed on street corner after street corner, wearing green camouflage (the counterguerrilla uniform), carrying M-60 rifles on their shoulders, their faces daubed with green streaks that would be useful cover in tropical jungles.

Their uniforms and faces may now turn gray, as gray as the labyrinths and shadows of this dense concrete jungle, infested with murmurs and mysterious files, amid which the commandos are forced to advance stealthily. Because it is here, in the "Sultana of the Valley," that they are now looking for the "enemy," the ringleaders and members of the so-called Cali cartel.

Swarms of motorcycles and armored cars with dark-glass windows move through the streets of this disreputable city. They drive up and down block after block. They check to see who is arriving, who is leaving, who is asking questions, who is answering them, who is breathing. Cali residents say there are a great many new street stalls, new beggars roaming about, new jobless people wandering aimlessly. Apparently aimlessly. Many of them do not even sell candy or beg or look for work. They observe. And keep watch.

Here, in streets that are as congested as Bogota's during rush hour (owing to the many police and military checkpoints seeking leads), there are places where the war of staredowns is palpable and strategies of high signs are played out. Looks that resemble bursts of gunfire are exchanged between cars. More than one person can be seen turning his face away from a supposed foe with a terrified expresion. "Who could that be!" exclaimed one newsman after enduring a taxi driver's glare for minutes that seemed like an eternity. "That was a warning for having taken the photos in the airport," he himself concluded.

A war of nerves without respite is going on here, a war that could turn out to be as exhausting as the one undertaken against the bloody Medellin cartel, or more so. The chiefs of the Joint Special Command (CEC), known as the search unit, know that defeating the "chess player," as they call Gilberto Rodriguez Orejuela, the alleged leader of the Cali cartel, is a question of cunning, not shooting. "The CEC has not fired its first shot here," emphasizes one of the unit's commanders. The drug assassins have not killed any policemen in Cali; in Medellin more than 600 died.

A seasoned expert in counterguerrilla operations, who for security reasons asks to remain anonymous, has headed the special forces commandos in Cali for four months now. He emphasizes that this struggle against the Cali cartel, which according to the DEA is the source of 80 percent of the drugs entering the United States, is harder than battling the guerrillas and their infamous leg-breaking mines and ambushes. "Over there the enemy could be seen. Here we are chasing shadows."

Raid after raid, week after week, day and night, they find mountains of paper and companies that in turn run foundations that in turn are subdivided into small-scale businesses that close up and then reappear under new names and with new representatives who, in turn, seem to be phantoms. It all seems to be an endless spider web.

The intense pressure that the authorities applied last week in Cali (raids on hotels, night clubs, estates, beeper and cellular phone exchanges, street checkpoints) is part of a psychological strategy. Naturally, statements by officers to the effect that in 10 days they would have the Rodriguez brothers under arrest created concern, rather than tension, because they would look like fools when they had to invent an excuse once the deadline had passed. As the Cali regional prosecutor himself, Miguel Munoz Paladines, said, "that is not serious. We are battling very cunning people, not children." The prosecutor, who has turned down many bribes, questions whether they ought to be announcing how they are going to battle the cartel, such as by transferring 3,000 agents to Cali. "You can't show your hand to gamblers."

The intelligence and counterintelligence war, meanwhile, grows increasingly intense. Messages asking people to inform on purported cartel leaders appear on TV, over the radio, and even in the skies (via helicopters). Posters with photos of Gilberto and Miguel Rodriguez, Jose Santacruz, and Victor Julio Patino are stuck to every window at the local airport. "These men are wanted for drug trafficking, subversion, terrorism, murder, kidnaping, money laundering, extortion, illicit enrichment, bribery..."

In turn, the CEC has reports that the Rodriguez Orejuela brothers are concocting a strategy to discredit the leaders and directors of the organizations and agencies that are after them. One alleged informant already told Jamundi Police that "during raids in that town, at the El Cairo estate, where some light planes were found, 350 million [pesos] in jewels and a sum of money had disappeared. Since 'Pacho' Herrera is the owner,

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he is setting a deadline for the return of the money and jewels; otherwise, he is going to kill the unit commander" (Internal, classified report, 09, 05 1995). Intelligence analysts indicate that this threat may be an attempt to have the pressure eased. Another report that the CEC has received indicates that the cartel is planning selective attacks. It has also found that some people call up to give misleading information. "They are taking after the guerrillas, who ask for dialogues to stop getting pursued. What the cartel people do is announce their surrender." But some take these rumors seriously. The Defense Ministry called Cali authorities early one morning to find out whether it was true that a cartel ringleader was going to turn himself in. Another day, DAS [Administrative Department of Security] agents showed up to wait for the drug kingpins at the door to the Prosecutor General's Office.

While all this is going on, if it indeed is going on, the operations continue. Last week 20 light planes were seized in hangars at Cali airport, some of them outfitted with sofa beds, bars, and sound systems. The Prosecutor General's Office and three DEA agents checked them and found that some did not have all required certificates. One example: HK 3413 lacked the airworthiness certificate.

The day after the official close of the inquiry, members of the Prosecutor General's Office went again to the hangars. To their surprise they found many police personnel in one of them. "A Colonel Patino, from the narcotics police, told them that it was an operation ordered by Bogota to check out a few other planes that had arrived in the airport, that they were conducting another judicial inspection."

Sources in the Bogota Prosecutor's Office indicated that if that was the case, they should have given advance notice to the Regional Prosecutor's Office that had jurisdiction over the hangars. In light of these circumstances, a hangar-by-hangar check was conducted to see whether sealed aircraft had been inspected again. It was established that photographs had been taken and that the paint on one plane had been scraped.

Light plane HK 4047 or 3447 (the number had been erased), in which 1,408 kilos of cocaine were confiscated last 20 April, is also being investigated. The plane was placed in police custody. One day the same Colonel Patino assured the Prosecutor's Office that according to one agent the plane had been exchanged. But an air force technician said that this was not true. An attempt was made to transfer the plane to the Marco Fidel Suarez air base. "It was in perfect condition, and the next day its electrical system was damaged."

The raids continue. Even the authorities are not used to the eccentricities that they are finding: spherical aquariums 10 meters in diameter full of exotic fish, white marble spiral-shaped homes, armor-plated doors with strongbox locking systems. Mansions abound in this area. In Jamundi, 10 have been built on the lands of the Graciosa estate, which the CEC says belongs to Ivan Urdinola. Some could cost more than a billion pesos. "According to information uncovered during raids, some belong to confidant front men of the Urdinolas. Documents signed by Julio Fabio Urdinola were found in one of them. Each mansion has a swimming pool and a great many frills."

Dismantling communications has been another battlefront. The army raided AR Comunicaciones Limitada at 4-7 39th Street. According to CEC experts, its operating license expired three years ago; it has not paid the Communications Ministry; and it is under indictment for encroaching on frequencies that have already been assigned to other individuals. In one folder it is listed under public document 2157 of Notary Office 12 in Cali, registered with the Chamber of Commerce on 4 September 1991. Beeper exchanges have also been raided. "We found a clandestine beeper system. There were area coverage maps. There were records of Messrs. X, Z, and D. All in code. Hoover Parra is the manager."

The investigations and searches have turned up front men or, rather, uncovered several "well known figures," such as the three Murcillo Posada brothers, for whom the Prosecutor's Office issued an arrest warrant. Julian Murcillo turned himself in last week.

CAMBIO 16 saw the records of another company in which the now famous Murcillo brothers have a stake: Colombiana de Operaciones Portuarias Ltda., license 06-01612-3. According to the company's certificate of incorporation and management, its capital amounts to 150 million pesos, of which Julian Murcillo Posada owns 970 shares (equivalent to 97 million pesos) and Luis Fernando Murcillo 200 shares (equivalent to 20 million pesos). Pursuant to public incorporation document No. 286, dated 31 January 1992, from the Fourth Notary Office in Cali, the man chosen to be manager is Luis Fernando Murcillo Posada, citizen identification card number 16,247,486, of Palmira. The company's corporate purpose is "...loading, unloading...acquisition of businesses whose purpose is similar...to trade, accept, endorse, transfer...and negotiate all manner of commercial paper or personal effects."

According to agencies that the CEC comprises, it was also learned that among the partners in Socir S.A. (a company to which sizable checks were written, one for 750 million pesos) is one of the esteemed wives

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of Gilberto Rodriguez (his second). The first minutes of this company's governing board record that "Mrs. Gladys Myriam Ramirez Libreros" was in attendance. Then, "it was decided to create an investment corporation...The company was formed with subscribed capital of one billion pesos, of which Amparo Ramirez Libreros contributed 180 million."

A letter addressed to Alexandra Rodriguez and signed by the manager of Socir, Gregorio Rafael Ruiz, explains: "Socir (NIT 800,211,833-6) is a company that serves and meets all of the requirements and needs of the financial market, the stock market, and business in general. We are a responsive, prompt company with turnaround times between 24 hours and 12 days...we handle economic and credit emergencies, trade securities, accept promissory notes, invoices, foreign exchange, etc."

Based on reports compiled by authorities that make up the CEC (Prosecutor's Office, DAS, army, police), new or heretofore little known pieces on the drug cartels' chessboard have been identified and placed in the category of assumed front men. "Chepe" Estrada, alias "El Medico," heads several lists. "'El Medico' joined the Cali cartel some 10 years ago, around the time that the army withdrew. He got to be first sergeant in it." Estrada, various reports say, began by transporting coca leaves from the Putumayo for Miguel Rodriguez Orejuela. A book that Miguel Rodriguez autographed for him was found during one of the raids.

For several years, the same agencies report, Estrada was his security chief. Sources in the Prosecutor's Office, who are looking into the structure of the Cali cartel, say that "Estrada has silently obtained the sort of power that puts him almost on the level of the Rodriguez Orejuelas. He is a joint shareholder with the Rodriguez Orejuelas in several large companies in the Cauca."

Another of the so-called fronts is one H. Mazuera. Since his name was found on several lists, his apartment was searched in late March. "He held positions in the Agriculture Ministry. He runs companies that, according to the CEC, are linked to Jose Santacruz."

According to the same sources, Trochez Lemos, alias "el Maestro," has become an important liaison for the Cali cartel. "The Mercedes Benz with diplomatic plates of an official at the Salvadoran Embassy was found in the parking lot of one of his apartments." Another man on the list is Hugo Farfan, a retired army first sergeant; he maintains some of Jose Santacruz' safe houses.

More members and networks in the spider web that the Cali cartel has spun are being discovered every day. But the mystery as to its power and strategies remains. The voices of the Rodriguez Orejuela brothers have not been heard for two and a half months. They know that Pablo Escobar was captured that way.

Members of the CEC indicate that if the struggle is kept up with the current intensity, "we will have them in less than a year. Of course if they surrender, it is a victory for us. The truth is that they have no other choice."

Paraguay

Judge Handling Alleged Terrorists Receives Death Threat

PY2505185295 Asuncion ULTIMA HORA in Spanish 25 May 95 p 87

[FBIS Translated Text] Criminal Judge Jose Emilio Yaluk, who is investigating the case of the Lebanese citizens who are under arrest and presumably involved in the terrorist attack against the AMIA [Argentine-Israeli Mutual Association in Buenos Aires], was threatened through a telephone call with death if he approves their extradition to Argentina.

Yaluk indicated that he was threatened some days ago when he was visiting the home of his mother. The voice said: "If you decide against the Lebanese we are going to kill you..." Judge Carlos Monges Lopez was the first judge to handle the case, but he disqualified himself from handling the case. It was then that Yaluk took over.

According to Yaluk, he has already submitted the case to the prosecutor general, Anibal Cabrera Veron, who will hand down a decision and give it to the judge, who will then have 10 days to hand down his decision. It is almost certain that the persons under arrest will be sent to Argentina.

In our 24 May issue we reported that Lawyer Pablo Berra Lugo was the new defense attorney for the Lebanese-Brazilians who were requested by Argentina, but who do not want to be extradited.

Comments on Extradition of 'Terrorists'

PY2605032395 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 0000 GMT 26 May 95

[FBIS Translated Text] According to an EFE report datelined Jerusalem, three of the five Lebanese citizens arrested by the Paraguayan police have been identified as the individuals allegedly responsible for the 1992 attack on the Israeli Embassy in Buenos Aires.

The five Lebanese citizens and the two Brazilian citizens arrested during a police raid on a residence located in Santisima Trinidad on 30 January 1995 were initially

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charged with conspiracy to commit a crime, narcotics possession and trafficking, violation of immigration laws, and illegal possession of firearms.

Later, Judge Roberto Marquevich of San Isidro, in Buenos Aires Province, issued a warrant for their arrest on charges of storing firearms and explosives in connection with the local investigation into the attack on the AMIA [Argentine-Israeli Mutual Association] in Buenos Aires that killed and wounded many people and caused great damage to the Israeli building.

Today the dossier was sent to the Attorney General's Office for an opinion, within a period of six days, on the appropriateness of the extradition request.

[Begin Judge Jose Emilio Yaluk recording] This morning I ordered the dossier sent to the Attorney General's office so that it can issue an opinion as to whether the extradition petition is appropriate. Once the attorney general sends his opinion, I will issue a decision. [end recording]

With respect to the report that a Muslim organization had sent $1 million to prevent the extradition of the Lebanese citizens arrested in our capital city, Judge Carlos Monges said:

[Begin recording] Judges cannot take positions according to suppositions or rumors. Rumors are abundant in our country. Judges must base their opinions on evidence, circumstantial or full evidence. I did not hear the report. Besides, I do not have enough time to listen to street rumors. [end recording]

The Attorney General must now issue an opinion as to whether the extradition petition is in accordance with the law. The judge will release a decision afterward.

[Begin recording] [Justice Minister Juan Manuel Morales] We do not have any knowledge of attempted bribery. The court is taking the appropriate legal steps to proceed with the case. The proceedings will probably end with the extradition of the Lebanese citizens.

[Unidentified reporter] What can you tell us about threats made against the judge hearing the case?

[Morales] I do not think he received any threats. We had a jurisdictional problem before. That problem has been clarified and we are now in the final stages of the extradition proceedings. The attorney general will issue an opinion in a few days. There is nothing to confirm the report that comes from Jerusalem. [end recording]

Justice Minister Morales repeatedly emphasized that neither the government, the police, nor the court authorities have any information on the alleged attempt to bribe court officials to deny the Lebanese citizens' extradition.

Peru

Government 'Source' Quoted on Possible Cabinet Reshuffle

PY2605030995 Lima EXPRESO in Spanish 18 May 95 p A6

[FBIS Translated Text] An Executive Branch source has reported that so far, six ministers might resign their posts.

The source added that vice presidents-elect Ricardo Marquez and Cesar Paredes Canto will not assume ministerial posts in the cabinet that will serve with the president until 28 July. Neither will they do so after that date, which will mark the beginning of Alberto Fujimori's second term.

Marquez and Paredes Canto are currently designing projects for the creation of jobs, for supporting small- and medium-sized enterprises, and for education.

The projects were entrusted to them by President Alberto Fujimori. According to the source, the projects are in quite an advanced stage of preparation and will be announced in the National Day speech, as part of the main measures to promote the creation of jobs and to fight poverty.

Concerning the ministerial changes, the source reported the possibility that Transport Minister Juan Castilla Meza, Health Minister Eduardo Yong Motta, and Justice Minister Fernando Vega Santa Gadea will imminently step down.

Also on the list are Education Minister Pedro Villena Hidalgo, Minister of the Presidency Maria Luisa Federici Soto, and Energy Minister Daniel Hokama, who will leave the cabinet because of a heart condition.

A Dance of Names

The president will reportedly announce the cabinet recomposition any time.

The replacements were reportedly decided at the request of the ministers themselves, although in some cases the decision was based on an evaluation of the ministers' performance, for example, in the education portfolio, which did not fulfill the targets proposed by the government.

The Executive Branch might also rotate Economy Minister Jose Carnet, putting him in the presidency of the Council of Ministers. However, it was not said whether he will be given another portfolio or whether he will be a minister without portfolio, in keeping with Article 123 of the Constitution.

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Camet might remain in his ministerial post, especially now that Peru has begun negotiations with creditor banks to design the guidelines for a possible Brady Plan.

Upon conclusion of that stage, Industry Minister Liliana Canale might shift to the Economy Ministry. She might be replaced by current Promperu [expansion unknown] Director Beatriz Boza, who is also the chief of Indecopi [National Institute for the Protection of Free Competition and Intellectual Property].

This way, Fujimori will keep two women in his cabinet.

Former Minister Dante Cordova might return to the executive branch. It has been reported that he might return to the Transport portfolio. Others, however, say that he will be designated to the Ministry of the Presidency, replacing Maria Luisa Federici.

Foreign Minister Efrain Goldenberg is also said to have expressed his desire to step down. His replacement, however, might still take some months, because the Executive Branch is reportedly unwilling to make sudden changes at a time when negotiations with Ecuador are underway.

Daily Chides Quito for Associating With Shining Path

PY2605042295 Lima EL PERUANO in Spanish 12 May 95 p A2

[Editorial: "Quito, Shining Path's Partner"]

[FBIS Translated Text] Ecuador has once again reverted to its old habits, or perhaps they are new ones, which is something worth looking into. This is the only interpretation that can be made of the series of marches and countermarches promoted by Quito's childish and paranoid regime, which has again scoffed at the Observers Mission representing the Americas and the entire world, the law and peace.

How can Ecuadoreans explain the fact that only one day after the Observers Mission declared its success for having achieved the deployment and demobilization of Ecuadoran-Peruvian troops in compliance with the Itamaraty and Montevideo declarations, and after shaking hands with Rio de Janeiro Treaty delegates, they turned their backs on them and immediately launched a new and treacherous military aggression that resulted in the death of one Peruvian soldier? Should there be any doubts about their intentions when this has been their modus operandi, even during the first peace negotiations? Are the Americas and the entire world unaware of the Ecuadoran Government policy of undermining any peace discussion other than one that seeks an awkward and invalid revision of the Rio de Janeiro Treaty?

How will Quito explain the kidnapping, a few days ago, of two Peruvian soldiers who were patrolling our territory, and their current whereabouts? How will the menacing and vicious Ecuadoran diplomacy justify the unfair arrest of dozens of Peruvian citizens in Ecuadoran territory? How will Ecuador justify to civilized societies its abhorrent manipulation of the education of Ecuadoran children, who are daily inculcated with a vile anti-Peruvian creed.

What is worse, how will [Ecuadoran President] Sixto Duran-Ballen and his followers explain the inexplicable? How could a so-called "democratic" government that allegedly upholds a state of rights, a hemispheric integration system, a culture of peace based on Christian values, engage in an appalling and secret association with Shining Path's criminal fundamentalism? Namely, engage with the worst contemporary terrorist organization in the world, one that is responsible for the deaths of 27,000 Peruvians, thousands of disabled and missing people, and the forced relocation or near banishment of thousands, as well as for delaying the development Peru urgently needs. Yesterday's Andina report, which sent an understandable shockwave throughout the world, truly comes as no surprise to the world in view of Quito's customary despicable and deceitful policies, which are confirmed with this report.

To have unleashed an "electronic war" by broadcasting Shining Path reports from the United States via Internet, taking advantage of the open confrontation that the despicable group has unleashed against the Peruvian Government and its people, is, virtually, to have sunken to the depths in terms of moral standards with an insolence that horrifies even the most stoic. But there is nothing new in all this, taking into account where it comes from.

Although it is true that Latin America is the continent of hope, there is still room for shame in this continent. There is room for shame to the north of Peru.

Venezuela

U.S. Tax Proposal Rejected, Deemed Unfair to Venezuelans

PA2505121795 Paris AFP in Spanish 1735 GMT 23 May 95

[FBIS Translated Text] Caracas, May 23 (AFP) — A National Integrated Service for Tax Administration, Seniat, spokesman revealed in Caracas this Tuesday that Venezuela will reject a tax agreement with the United States that applies to Venezuelans a rate double that designated for U.S. citizens.

Seniat Economic Studies Director Rafael Solorzano said the argument that the Venezuelan Treasury allegedly

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discriminates against U.S. citizens is untrue and maintained that the obstacles that have arisen are based on U.S. demands to apply an unequal tariff to Venezuelan investors.

Venezuela and the United States recently suspended negotiations on an agreement to prevent double taxation and fiscal fraud between their countries.

"Venezuela remains extremely interested in signing this agreement with the United States, due to the volume and importance of this country as an investor and social partner," Solorzano asserted.

He observed, however, that the conditions imposed by the United States on investors in both countries are unequal and are not included in similar agreements the U.S. Treasury has signed with other nations. "These conditions constitute a disproportionate aspiration of that country in the negotiations," he added.

Comptroller Reports Corruption in Caldera Administration

PA2505182695 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 23 May 95 p 3

[FBIS Translated Text] Comptroller General Eduardo Roche Lander has blamed directly the government, the Deposit Guarantee and Banking Protection Fund [Fogade], the General Bank Superintendency, and the Central Bank for the huge losses inflicted on the nation through irregularities in the issuance of financial assistance.

Roche Lander on 22 May presented a report on his performance during 1994 to the president of the Republic, and reaffirmed his complaint that administrative irregularities have been detected in the current administration.

"Responsibility for the financial sector's problem is shared; I cannot say that any of the organizations that are or have been involved in this crisis are free of responsibility. Of course the organizations are not responsible, it is the people... and they can be subjected to penal sanctions."

There Is Corruption Under Caldera

Roche said that during the first year of the Caldera administration the nation's losses surpassed those of previous administrations.

"One figure I have given is 500 billion bolivares, which were granted for payment of the debt with savings account holders, who received only 175 billion; therefore, there is a difference of 325 billion bolivares, which means that there has been an outflow of capital to collateral companies, to the bankers' own interests."

Roche added that President Caldera was receptive to the report because, he said, he is aware that the struggle against corruption cannot be resolved overnight." [quotation marks as published]

Nevertheless, Roche attacked the Executive Branch by saying that "the entire national sector is responsible for the crisis; the government, through the officials who participated, also shares responsibility."

Roche asserted that in the current administration "there are corruption problems, to the point where administrative investigation orders have been issued on many occasions." He thus denied reports by government representatives such as Central Information Office, OCI, Director Guillermo Alvarez Bajares, who recently said that the comptroller's report "responds to information gathered during the previous administration's final months."

"We are experiencing widespread corruption. To pave the way for the obtainment of ethics and honesty the entire nation must make a joint effort."

Roche Lander firmly stated that at present his office is conducting an administrative investigation to establish the penal responsibilities of the officials who were in charge of Fogade, the General Bank Superintendency, and the Central Bank at the time the financial assistance was granted. He added that in the event that personal enrichment is proven, trials will be ordered at the pertinent courts.

Sin of Omission

Roche Lander warned the intervention boards that thus far they have been late in informing the Office of the Prosecutor General of crimes and irregularities perpetrated by previous administrators; he said that the boards are incurring in "a sin of omission that has cost the nation a great deal."

"I am a little concerned that the General Bank Superintendency and intervention boards are not speeding up the proceedings to punish the people who perpetrated crimes so great that future generations will also have to pay a trillion bolivares for the assistance granted to the financial sector."

Roche Lander added that the intervention boards are afraid to report to the Office of the Prosecutor General and Office of the Attorney General because they may be unable to recover all of the assets. Nevertheless, he confirmed that it is their duty to report to the pertinent organizations so that the bankers can be prosecuted.

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Irregularities at the Exchange Administration Board [JAC]

Roche Lander disclosed that according to his office's investigations at the center of the JAC, a series of irregularities have been detected which could be classified as crimes. These cases have been sent to the Office of the Prosecutor General.

Certain JAC officials are being held responsibiity because they accepted false information to grant preferencial dollars.

"It is important for the Board to control the assistance it grants. Its responsibility has been measured by its failure to fully gather all of the necessary information about the persons requesting foreign currency."

Anticorruption Crusade

Roche Lander announced that the Office of the Comptroller General in conjunction with the Office of the Prosecutor General and Office of the Attorney General are currently conducting a crusade of sorts to discontinue or at least paralyze financial operations by individuals standing trial in Venezuela. These individuals might be trying to rescue properties abroad, primarily in the United States.

He explained that in these cases the legal instrument used is the extradition agreement with the United States, which also includes the exchange of financial information.

Fedecamaras President on Possibility of Bolivar Devaluation

PA2505010895 Caracas Venezolana de Television Network in Spanish 1550 GMT 24 May 95

[From "The News" newscast]

[FBIS Translated Text] Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] President Edgar Romero Nava said some groups love to be profiteers and to play with prices to benefit from changes in the exchange rate and stock market

Romero Navas made that statement after Colombian banks issued a report predicting the short-term devaluation of the bolivar. Romero Navas said an action of this type would be an attempt against the anti-inflation pact, for which Venezuelans have fought so hard.

[Begin Romero Nava recording] I have been told that the government has not made the decision to devalue the bolivar to reduce the deficit. The government is concerned about the impact a devaluation would have on private sector costs and the debt. [end recording]

Exchange Control Discourages Investors

PA2505202395 Caracas EL UNIVERSAL in Spanish 23 May 95 p 2-1

[Report by Mariela Leon]

[FBIS Translated Text] Foreign currency exchange controls have 50 percent of foreign investors, who are interested in placing their money in Venezuela, concerned and uneasy.

Although this has been said before and would seem to be a tiresome argument, it is still an attenuating factor in the foreign diagnosis of the country's investment possibilities.

Luis Soto, an investment manager recently elected executive director of the National Council for Investment Promotion [Conapri] said that "beyond those investors who have left the Miraflores Presidential Palace expressing their intention to bring their money, Conapri has made direct contact with representatives of international corporations and the result demonstrates a certain resistance for the fixed exchange rate system."

This year we have received 200 requests for information about viable Venezuelan companies looking for foreign investment. He said that 50 percent "feel uneasy" about the exchange rate control.

Despite the survival rate of countries that have established this system, the Conapri director argued that the system limits market possibilities, hence the virtual nonexistence of countries under this regime. The Chinese case is different, as it had ways of releasing the pressure that such controls can generate. They maintained an aggressive investment policy with several kinds of incentives (tax exemptions) and a dual market system.

Soto noted that the investors that have approached Conapri are mostly interested in oil, mining, coal, gold, zinc, and nickel. They are also looking into tourism, chemicals, and agricultural enterprises.

In the Near West

In addressing the ever-increasing Colombian investments, he said that the Reciprocal Payment Agreement of the Latin American Integration Association, Aladi, highly benefits the Colombians, as it grants their products an advantage over those coming from the United States or Europe.

He explained that Colombian investment in Venezuela is directed towards chemicals, paint, agricultural industry, and recently, to the financial sector. Soto said that during a recent trip to that nation, he met with representatives of the Bank of Colombia and the Bank of

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Bogota. The two institutions told him that they have a limited affiliation with the Provincial and Mercantile Banks.

In his opinion, "several of these banks" could be following the Latin Bank. We are now experiencing a countertrend. In 1990 and 1991 Venezuela was the one opening its way into the Colombian financial sector.

The cumulative total Colombian investment in the country since 1974 and up to the first quarter of this year could be in the vicinity of $150 million. Venezuela, meanwhile, is massively placing products, such as Mavesa, Polar beer, sugar, Procter and Gamble, and Bigott (which managed to solve its brand name problems), on the Colombian market.

He hardly mentioned one phenomenon that has surfaced recently in the region due to economic aperture; namely "Latin American multinational corporations."

Good and Bad

In light of the urgency to get foreign resources and the steps it has taken in that direction, the council member and investment broker made the following evaluation:

Positive aspects:

The signing of the Paris Agreement (introduces significant improvements in industrial property issues).

Investors, who are interested in long term business transactions, see the country's enormous potential, and most of them believe the crisis is temporary and will be overcome shortly.

The 20-percent fiscal credit is a real incentive for new agricultural, agro-industrial, tourist and industrial investments arriving within the next five years.

Integration agreements: Venezuela has become the leading exporter within the Andean Group; the Group of Three Free Trade Agreement will benefit the country's economic development.

To a certain extent, bilateral agreements for the protection and promotion of investment provide guarantees for the state-owned enterprises of other countries.

Negative aspects:

Investors interested in short-term investments find it difficult to make capital investments in the country because they need international financing and at this moment getting loans for Venezuela means paying a higher cost.

The foreign investor receives the same negative treatment as national investors. This principle is included in Decree No. 2095.

In addition to these aspects, national authorities have to take action in the following areas:

Modernize the capital market as an instrument to finance companies.

Change the Mining Law (this could generate investments of more than $1 billion over a three-year period).

Creative Challenges

Regarding his insistence on the observations expressed by investors about the administration's currency exchange policy, Soto made it clear that in the case of the sector interested in oil and mining exports, investors are more concerned about whether the bidding process is honest, and in a solution to the municipal tax issue.

In Soto's opinion, the administration's position is not an easy one, and it is not a matter of criticizing at all costs the existence of currency exchange controls, because the president found himself in a difficult situation last year — such as the adjustment in international reserves and the flight of capital.

The challenge is how to create a situation that will lead to the harmonious development of economic forces.

Have Companies Moved to Other Countries as a Result of This?

There are corporations which have decided to move their production and distribution centers for Latin America elsewhere. That is the case of the European company Tetrapac (plastic and paper cartons) which decided to move to Brazil. But this does not mean the country is in bad shape and that companies are moving out. It means that Brazil is offering certain conditions which could be more attractive.

On the other hand, we have just the opposite case with Procter and Gamble which has decided to keep its headquarters for Latin America in Venezuela.

Has Overnight Capital Made its Presence Felt in Venezuela?

Foreign investments were made in the Caracas stock exchange, although the exact amount is not known. It was reported to be approximately $600 million. Now, with currency exchange controls, there remains approximately $300 to $400 million. These investments are very volatile, they come and go. This capital is the most speculative because it seeks very short-term profits.

Currently, foreign investors with stocks — who are prevented from repatriating capital and giving out dividends — have redistributed their portfolios. They have

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changed the structure of their portfolios according to the information they handle.

Is This Still a Risky Nation?

The perception of risk changes as investors realize that they cannot withdraw their capital as quickly, that macroeconomic maladjustments are not corrected on time. But that type of investment is not as necessary for the country's development, although it is true, it does provide for a more fluid capital market and provides options for financing companies. I believe the perception may have varied somewhat in terms of what can be currently done in the country.

Defense Minister Orders Court Martial Office Impoundment

PA2305124695 Paris AFP in Spanish 1429 GMT 20 May 95

[FBIS Translated Text] Caracas, 20 May (AFP) — Official sources confirmed this Saturday [20 May] that, at the express order of Defense Minister General Moises Orozco Graterol, approximately 20 state security organization officers had impounded the Court Martial of the Republic office the previous evening.

According to analysts, the measure is aimed at clarifying the truthfulness of the charges made against three military prosecutors. The military prosecutors allegedly collected a bribe from a defendant and were reportedly caught "red-handed" when they were sharing out the money coming from this bribe.

General Tulio Prado Fernandez, the Venezuelan Armed Forces inspector general, headed the operation, which he described as "a regular inspection of all military offices," although it included taking the fingerprints of all the personnel and reviewing files.

For his part, Court Martial President General Juan Manuel Bogado asserted that the inspection, which lasted three hours, "is an order issued by the minister and has to be obeyed as a military man, not as a judge...."

Last Tuesday, the Supreme Court of Justice (CSJ) issued a ruling that allows the Defense Ministry to investigate all the Court Martial magistrates' actions.

A week before, Minister Orozco Graterol reported that he had received charges against officials in that organization and was "compelled to investigate to determine their responsibility in the irregularities committed therein."

The minister's decision to investigate the Court Martial was strongly resisted by the magistrates, who asserted that he was not authorized to do this. This reaction prompted the minister to present a motion before the CSJ.

The charges on irregularities in the Court Martial were made after Military Prosecutor General Colonel Hugo Miguelena and two more prosecutors were arrested for allegedly collecting a bribe from a defendant, precisely, General Eutimio Fuguett Borregales, the former general commander of the Venezuelan Air Force.

At the same time, military justice spokesmen reported last Thursday that the three prosecutors will be tried for five crimes: against military honor (two charges), against the administration of justice, extortion, and collusion to commit theft [agavillamiento].

According to other court sources, the three prosecutors were caught "red-handed" by military intelligence officials as they were sharing out the money extorted from Fuguett to suspend the charges.

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